

Norwegian School of Economics and Business Administration (NHH)
in cooperation with
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EMPOWERMENT ON MICROFINANCE ENTREPRENEURS

Social, Economic and Institutional Power among Small Scale

Entrepreneurs in Dar-Es-Salaam

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Abstract

Tanzania is one of the world's poorest countries. Issues relating to poverty have largely been related with different forms of lack of power and, as such, this thesis presents itself with the goal of better understanding the relations between empowerment and poverty alleviation. It is assumed an empowerment model that, recognizes macroeconomic issues that underlie this problematic, but focuses on the concept of individual empowerment, and distinguishes three basic forms of power: social, institutional and economic. This model is analyzed through the use of both quantitative and qualitative methodology, being that the first focuses more on the impact of business training for small-scale entrepreneurs in Dar-Es-Salaam, while the second centers on a more comprehensive approach to empowerment. The findings suggest the existence of relations between different forms of power and an actual improvement of living conditions, not only based in the access to financial capital or formation of human capital, but also largely based on social capital.

Key-words: Empowerment, microfinance, Tanzania, poverty.

Resumo

A Tanzânia é um dos países mais pobres do mundo. Questões relacionadas à pobreza têm sido relacionados com diferentes formas de falta de poder e, como tal, esta tese apresenta-se com o objectivo de melhor compreender as relações entre poder e redução da pobreza. Assume-se um modelo de empowerment que reconhece as questões macroeconómicas subjacentes a esta problemática, mas centra-se no conceito de empowerment individual, e distingue três formas básicas de poder: social, institucional e económico. Este modelo é analisado através do uso de metodologias quantitativas e qualitativas, sendo que a primeira foca-se mais sobre o impacto da formação profissional para empresários de pequena escala em Dar-Es-Salaam, enquanto a segunda centra-se numa abordagem mais compreensiva de empowerment. Os resultados sugerem a existência de relações entre as diferentes formas de poder e de uma melhoria efectiva das condições de vida, não apenas com base no acesso a capital financeiro ou formação de capital humano, mas também em grande parte com base em capital social.

Palavras-chave: Empowerment, micro crédito, Tanzânia, pobreza.

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"Social development as empowerment does not see poor as people in need of external help, but in a positive way that tries to create a perspective of interactive and shared development, in which the skills and knowledge of the people are recognized."

Oakley, Clayton, 2003: 12

1. Introduction

Inequality and poverty in the world are problems that much moved researchers and policy makers throughout the years. More specifically, Sub-Saharan Africa presents itself as a major challenge in this domain and several studies, such as this one, appear with the purpose of enriching the debate regarding solutions for poverty alleviation.

The ongoing studies of Kjetil Bjorvatn and associates (NHH) focus on the effect of business training/education in small scale entrepreneurs and its potential for development and economical growth, and have already retrieved specific information of micro-entrepreneurs based in Dar-Es-Salaam, during the past years.

Through the integration on the quoted studies, the aim of this master thesis is to study the importance of empowerment in the improvement of living conditions of micro-finance entrepreneurs. This will implicate not only the partial use of data from the base study, but it will also support itself in qualitative methodology that envisage to better understand the issue of empowerment itself, in the context of urban Sub-Saharan Africa.

This study undertakes an approach that, despite recognizing macroeconomic issues that underlie the study problematic, focuses on the key concept of individual empowerment. This thesis has the goal of better understanding the role that empowerment may perform in the creation of successful entrepreneurs and on poverty alleviation in the context of Dar-Es-Salaam.

In the first moment of this thesis there is a review of literature that develops the central issues of poverty in Tanzania, empowerment and microfinance. In the following chapter, the presentation of the methodology is preceded by a concise description of the ongoing studies of Bjorvatn and associates, and there is a more detailed construction of the empowerment model defined for this research. The results are presented in four sub-chapters, a first one that describes the sample in greater detail and three others that present each of the empowerment dimensions: social, institutional, economic.

2. Background literature

2.1. A World with Inequality and Poverty

A great number of intellectuals and investigators have reflected on the problems of today's society, strongly marked by globalization. It is important to understand that globalization is not something simply economic and related with economical policies, but something much deeper and complex that is a determining factor in the strengthening of links and interdependencies in the global society. This is expressed in various issues and topics, which may be easily illustrated with several examples such as the worldwide proliferation of fast food that has been changing food habits of people worldwide, or a simple young Scandinavian musician that grows up listening to music made in a basement in London while being influenced by the performance, via satellite, of a mariachi band from Mexico, thereafter creating a new musical style (Giddens, 2008: 27). In sum, the globalization process is ambiguous and complex, with great potential but burdened with risks.

This study will take into account the economic side of globalization, in which the "contemporary phase of *economic* globalization is, to a certain extent, an outcome emerging from the global consolidation and diffusion of the economic policy paradigm, which emphasizes benefits and positive features of the liberalized policy regime" (Nissanke & Thorbecke, 2006: 1339; *italic mine*)¹.

According to Stiglitz (2006), there has not been a defined set of common rules appropriate to manage globalization, thus promoting inequality in the world and with vast effects at local level. It is easily observable how in several countries the GDP grew, but how the number of people at risk of poverty and social exclusion within the same country also

¹ Even so, it is crucial to note that this document is not intended to launch a debate on economic or political models; nevertheless it is important to make an effort to better understand the topic and to position ourselves in order to analyze the issues in hand.

increased (Stiglitz, 2006: 33). Regarding this topic several other authors point out negative effects of the current economic globalization wave. For example Hespanha (2001) argues that globalization leads to amplification of situations of social risk such as cyclical unemployment, precarious employment and low paid, social insecurity, informal labor market, child labor, etc. (Hespanha, 2001: 12); while Thompson (2000) points out the responsibilities of globalization in the intensification of social divisions, widening inequalities in income, employment, housing, education and access to information.

Furthermore, within economic literature, Wade (2004) defends that world poverty and inequality have been rising, and that the World Bank seemingly good reports of the worlds income distribution and poverty reduction are flawed. Not only because of methodological flaws that underestimate the problem by avoiding indicators of basic needs (such as access to clean water or basic healthcare), but also because “with 38% of the world’s population, China and India shape world trends in poverty and inequality” (Wade, 2004: 573), and that the good performance of these countries may hide the actual performance of other developing countries. Also Nissanke and Thorbecke report that the poverty reduction of the past 20 years was mainly achieved through the reduction of poor in China (400 million), and more specifically, one should point out that “poverty has increased significantly in Africa, in terms of poverty incidence as well as the depth of poverty” (Nissanke & Thorbecke, 2006: 1339).

I do not wish to debate the arguable causes of inequality and poverty in the world (or more specifically in Dar-Es-Salaam), nor the role globalization may perform in it; yet I do position myself by accepting that the ongoing model of economic globalization may be related with inequality and poverty, and by acknowledging that there are macroeconomic and policy issues on this topic that are beyond the focus of this study.

2.2. Within Sub-Saharan Africa: The context of urban Dar-Es-Salaam

Tanzania is located in East Africa, bordering with the Indian Ocean and with Kenya, Mozambique, the Democratic Republic of Congo (DRC), Zambia, Malawi, Uganda, Rwanda

and Burundi. The total land area (in the mainland) is about 943,000 km² and the natural resources include gold, diamonds, tanzanite and other gem stones, nickel, tin, phosphates, iron ore, coal, salt, soda ash, natural gas, hydropower, wildlife, and fishery (Utz, 2008: CD1).

The country is classified by the World Bank as of being of low income in the year of 2008, with a GNI per capita of 440 US dollars (using Atlas method), ranking at position 188 (in 210 countries). Moreover, in the most recent estimations it has been pointed to have 36% of the population living below the national poverty line². But according to Kaijage and Tibaijuka (1996), Tanzanian society in itself is excluded being that society as a whole is desperately poor, where the majority of its citizens have little opportunities for satisfying their most rudimentary of life necessities and elements of a welfare state system exist only in rudimentary forms (Kaijage & Tibaijuka, 1996: 4/5).

Within the MKUKUTA program³ a national survey was conducted in order to capture the “Views of the People” on economic progress, standard of living, quality and access to economic and social services, and trends in governance. Summing the results of the survey, people reported to be worse off economically then 3 years earlier and there is a general perception of growing inequality. Even so there is appreciation for the public investment made in education, but health seems to be deteriorating, such as water access (REPOA, 2007).

Certainly there are differences between rural and urban environments, for example while 73% of rural Tanzanian population has free access to drinking water, in Dar-Es-Salaam water is free for only 8%, being that 77% pay private providers and 13% are billed by public utility (REPOA, 2007: 39). On the other hand, Dar-Es-Salaam region alone, which is home to less than 8% of the population, contributes about 18% of Tanzania GDP. The arguable reasons of such are the fact that it has the highest concentration of political power, resources and related support and ancillary activities; that it is Tanzania’s major

² www.worldbank.org

³ <http://www.policy-forum-tz.org/files/MKUKUTAreview2009.pdf> (for overview)

port and the commercial and financial capital; and it has the highest concentration of manufacturing and services industries (Mpango, 2008: 63/64).

Yet, even if poverty in Tanzania seems to be more serious in rural areas, urban poverty has been increasing, and there are specific problems related to urban poverty and vulnerability, namely associated with the need to have cash income to purchase food, travel or get accommodated (Kironde, 2006: 463). In 2007, the major concerns of the Dar-Es-Salaam population were the price of food and the access to basic goods, work, firewood, electricity, and also household water, medical treatment, schooling, medicines (REPOA, 2007).

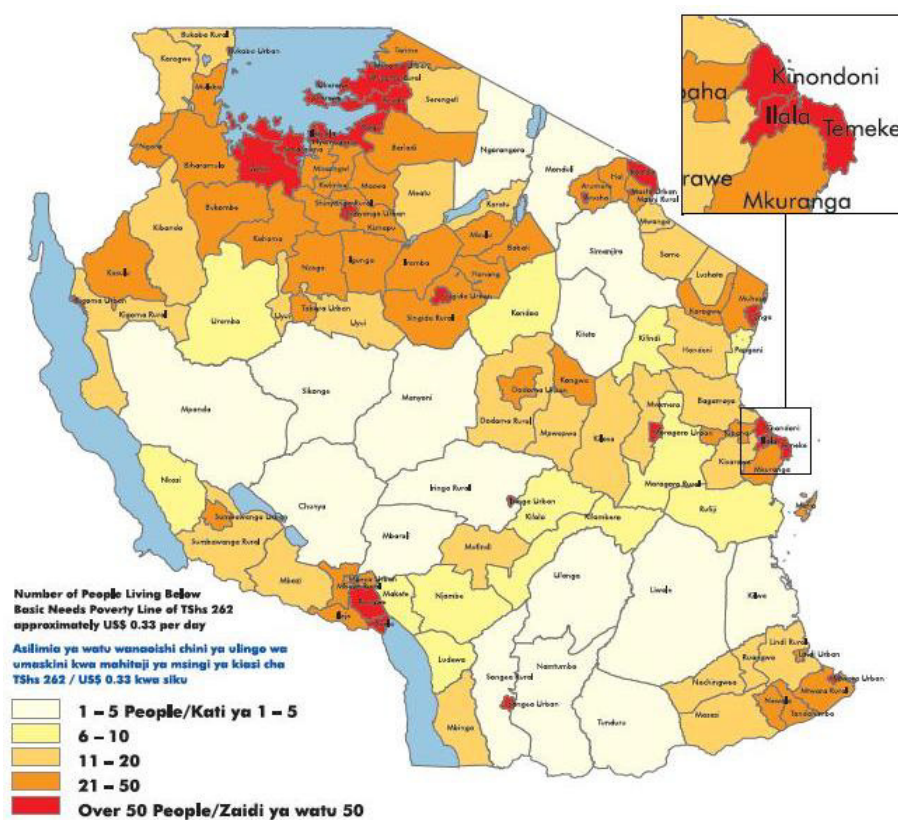


Figure 1 - Number of poor people per square kilometer (Adaptation from REPOA) 4

⁴ Adapted for graphical reasons from REPOA website; Calculations (2005) from Population Census 2002 and Household Budget Survey 2000/01; available at http://www.repoa.or.tz/documents_storage/PHDR_2005_Poster_2_-_Number_of_Poor_People_Per_Square_Km.pdf

The fact that in relative terms there are still several positive figures in urban environments, namely the above quoted high percentage of GDP, it does not set aside that there are still major issues regarding the absolute numbers of poverty. As it is possible to see in the above Figure 1, there has been a very high concentration of people living below the national poverty line, especially within urban environments, and namely in Dar-Es-Salaam. According to these governmental numbers (published in the Research for Poverty Alleviation website in 2005, based on the last Population Census of 2002 and the Household Budget Survey of 2000/1) all three districts that make out Dar-Es-Salaam (Kinondoni, Ilala and Temeke) were at the time of study amongst the districts with the highest poverty concentration, namely more than 50 people living below the Basic Needs Poverty Line of 262 Tanzanian Shillings per day (approximately 0.33 dollars per day).

In urban environments such as Dar-Es-Salaam each individual is left to perform a major role in their own poverty alleviation. Actually, in a recent study it was found that 44.5% of the people whose main activity is in the informal sector stated that the major reason for involvement in that sector is the inability to find work, while from those for whom it is a secondary activity, 43.9% state that the main reason is the need for additional income for families (Skof, 2008: 171). Being so, it is safe to argue that much of the entrepreneurship that exists is motivated by situations of poverty risk.

Moreover, when we look at the numbers regarding income sources in Table 1 (Utz, 2008: cd 4) and we focus on the Dar-Es-Salaam in particular, we can state that around one third of the population is self-employed. Taking all these numbers into account, and relating them with the study of Skof (2008) above mentioned, it is fair to argue that there is probably a fair number of self-employed poor for whom entrepreneurship is the way to try to escape poverty and vulnerability.

Table 1 - Composition of income sources in Tanzania**Table b: Composition of Income Sources by Area (% Share of Total Income)**

Income Source	Dar es Salaam	Other Urban	Rural	Tanzania Mainland
Employment	35.4	22.0	6.6	10.5
Self Employment	30.4	29.8	14.2	17.3
Agriculture	2.0	17.4	43.6	37.5
Transfers	7.9	7.7	4.5	5.2
Other	10.9	9.4	4.3	5.4

Source: Household Budget Survey 2000/01

In sum, the existence of poverty in Dar-Es-Salaam is not a point of argument, regardless of recent improvements or aggravations, and self-employment represents a key issue on poverty alleviation. As such, there a need to investigate the role of the individuals for whom self-employment has been crucial on their life and well-being.

2.3. Theoretical and conceptual approach to empowerment

Quoting Mbughuni (1994) Kaijage and Tibaijuka defend that issues relating to poverty are wrapped around different forms of power, and actually argue that a serious limitation of existing studies of poverty and inequality in Tanzania relies on the fact that they do not address relational questions (Kaijage & Tibaijuka, 1996: 36). As such, it is important to focus on the relations between variables that can be associated with poverty and try to understand the role of the poor in the solutions for this challenge.

As a starting point for this approach it is important to highlight that “the involvement of individuals in defining their own future and their active participation in the right to have a place in society ”(Monteiro, 2004: 55), which implicates a key factor that the thesis will focus on, namely the role that each individual or group of individuals can perform on societal change.

There are several authors and currents that focus on the role of a bottom-up approach on growth and development, such as: the example of participatory budgeting in Porto Alegre – Brazil, and its effects on local and regional development (Sousa Santos, 2003); the

importance of capability expansion and the generation of both economic productivity and social change (Sen, 1997); or the role that microfinance and microcredit seem to be able to perform in poverty alleviation, and the importance of profitable businesses that belong to the poorer or disadvantaged (Yunus, 2008).

Moreover, and regarding policies for poverty alleviation in itself, Ravallion (2009) argues that pro-poor reforms should promote empowerment for poor people, through the raise of command over political and economic resources, consequently enhancing the poor's influence over policy in itself (Ravallion, 2009: 307), while Khan (2008) defends a sustainable and empowering poverty eradication, in which "the state actively creates and shapes the spaces and opportunities for the poor to determine the development trajectory" (Khan, 2008: 125).

In sum, it seems fair to argue that empowerment may have a key influence on societal transformation and poverty alleviation. Fact that is largely also defended by the World Bank (2002), arguing formally that "empowerment is key for: quality of life and human dignity; good governance; pro-poor growth; project effectiveness and improved service delivery" (PREM, 2002: 6).

However, one can admit that these above quoted authors may not always be referring to the same concept of empowerment. Oakley and Clayton (2003), through a revision of literature, have identified distinct approaches to empowerment, namely as: the last stage in participative development; democratization, capability development, improvement of economic conditions, or simply personal development (Oakley and Clayton, 2003: 22-23). Still, there is widespread defense of the central role of individuals, mainly in local contexts, and the construction of a development model based on "participatory democracy, appropriate economic growth, gender equality and sustainability and equity between generations" (Friedmann, 1996: 36).

Taking these common denominators, it is still important to clarify what is meant as empowerment in this study. A simple way that we can refer to the concept is much based on the contributions of Alsop and associates, in which:

“Empowerment is defined as a group’s or *individual’s capacity* to make effective choices, that is, to make choices and then to transform those choices into desired actions and outcomes (Alsop *et al.*, 2006: 10, *italic mine*)”

This term of “effective choice” puts the issue of empowerment in a perspective that assumes that the execution of a choice is not only dependent on the individual, but is actually constrained by external factors. As such, Alsop and associates defend that there is a relationship between the individual and the structure and that “empowerment is contingent upon this relationship” (Alsop *et al.*, 2006:10). This perspective is in line with the position proposed by Augusto and Simões (2007), in which the object of study is not seen as an exclusive responsibility of the individual nor is it to be blamed solely on the social structures. Instead, it recognizes a complex group of individual and social factors that are specific for each context or case, in which the individuals have an active role to perform (Augusto & Simões, 2007: 8).

It is important to further understand what effective choice actually represents, and how can it be related with development outcomes. As the following figure shows, the actor’s ability to envisage and purposively choose options (agency) is constrained by aspects of the context (opportunity structure) that condition the ability to transform agency into action. These factors give rise to different degrees of empowerment and are assumed to have mutually reinforcing effects on development outcomes (Alsop *et al.*, 2006: 11).

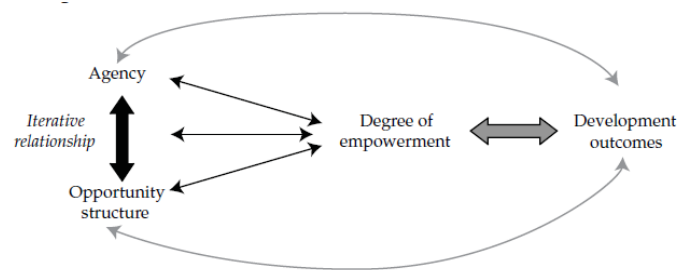


Figure 2 - Alsop *et al.* (2006: 11) Empowerment Model

It is recognizing the importance of the constraints of the Opportunity Structure, described as the institutional constraints that shape and constrain human interaction and individual choices, being that these can be formal or non-formal rules, such as laws, traditions or

values (Alsop *et al.*, 2006: 13). It is inclusively acknowledged and accepted the research of Cleaver, which focuses on the fact the chronically poor are largely excluded from effective access to institutions and therefore “attempts to overcome poverty through promoting participation, institutional engagement, and the formation of social capital cannot work without a deeper consideration of the structural disadvantages of the poor and the constraints on their agency” (Cleaver, 2005: 904).

Even with a defined concept of empowerment, one must not expect one single perception or expression of empowerment. It can vary across time, culture and domains of a person's life, as for example: in India, a low caste woman currently feels empowered when she is given a fair hearing in a public meeting; in Brazil, in Porto Alegre, citizens feel empowered if they are able to engage in decisions on budget allocations; or in the USA, immigrant workers feel empowered through unionization which has allowed them to negotiate working conditions with employers (World Bank website). As such, it is important to further understand in which context this concept will be analyzed, namely Dar-Es-Salaam and PRIDE Tanzania.

The organization from which the entire sample comes from has the mission “to create a sustainable financial and information services network for small and micro-entrepreneurs in order to promote their business growth, enhance their income and create employment in Tanzania⁵”. As such, beyond the focus on access to credit and possible benefits of business training (further developed on the following point), it is important to reflect on the function of information network performed by the microfinance institution.

Regarding this latter issue, it is interesting to refer to the findings of Janssens (2010) that has found impacts on a women's empowerment program in India on trust and cooperation, in which she defended the importance of social capital as a concept that arises from social networks and influences the resources an individual can mobilize (Durlauf & Fafchamps, 2004; Woolcock & Narayan, 2000; *in*: Janssens, 2010: 974).

⁵ <http://www.pride-tz.org/pinner.asp?pcat=aboutus&cat=mission>

There have been several attempts to create a framework capable of measuring the complex concept of empowerment. For the construction of this study's framework⁶, we focus on two major theoretical contributions: Oakley and Clayton (2003), identified three great areas of observable measurements, namely: power as trust in personal capacity to take forward some action forms; power as the increase of effective relations between disempowered people and other organizations; and power as a result of access to economic resources, such as credit and products (Oakley & Clayton, 2003: 12); and Alsop and associates (2006) which identified three domains: State, in which a person is a civic actor (justice, politics, and public service delivery); Market, in which a person is an economic actor (labor, goods, and private services); and Society, in which a person is a social actor (household and community) (Alsop *et al.*: 2006, 19).

Still, according to the same author it may be necessary to refine or add subdomains, being that an extended family or ethnic group may be critical in some cultures (Alsop *et al.*, 2006: 20). As such, there must be context specific approaches regarding research on empowerment, and in this specific study, the sample refers to microfinance entrepreneurs and, therefore, there needs to be a focus on microfinance literature, and more specifically, on microfinance in Africa and Tanzania.

2.4. Microfinance

Small and informal firms are the source of employment for half or more of the labor force in most developing countries (Mel *et al.*, 2008: 1329) and represent a major source of income specially for the poorest members of society (Masakure *et al.*, 2008: 2733). One of the major challenges for microenterprises and entrepreneurs is the access to capital, either to finance the startup costs of a business or additional capital necessary for further growth, however the poor and most vulnerable often have little or no collateral in order to qualify for a loan in a commercial bank (Pretes, 2002: 1342). Hence, microfinance responds to the demand for financial services to support self-employment and small

⁶ Further developed in point 3.2.

business (Khandker, 2005: 264) and may be a viable strategy for poverty alleviation. Not only because it overcomes credit market imperfections, but because of several positive noncredit effects of group lending, such as group cohesion, joint liability and incentives to share information (McKernan, 2002: 109).

There are several differences amongst microfinance institutions, even so some tendencies have been prevalent, namely the use of group liability to reduce screening, monitoring and delivery costs; repeat lending as repayment incentive; regular and frequent repayments; and voluntary or compulsory savings (Karlan, 2007: 78) (Armendáriz de Aghion & Morduch, 2005 – for overview). Most of these characteristics have extensive expression in microfinance programs in Sub-Saharan Africa, namely group liability and regular repayments, and have shown to produce results by being adjusted to the local circumstances (Snow & Buss, 2001: 298).

In 2007 the Microcredit Summit Campaign reported that more than 100 million of the world's poorest families received a microloan, estimating to have reached half a billion of family members (Daley-Harris, 2009: 1). And the MIX & CGAP reports that during the year of 2007, in Africa there was a growth in borrowers of 25% (reaching 4.7 million) and a growth in savers of 31% (reaching 7.2 million) (MIX & CGAP, 2008: 2). Regarding Tanzania itself, PRIDE Tanzania⁷ estimates that the financial services demand corresponds to close to 8 million small and micro entrepreneurs, with 4% annual growth, yet the combined client population of all microfinance institutions in Tanzania is only 400000, corresponding to 5% of total demand⁸.

However research is far from an agreement regarding the macroeconomic impacts of microfinance, yet for the most part studies strongly argue its benefits and contributions.

⁷ PRIDE Tanzania non-governmental organization has 26 branches nationwide, including mainland Tanzania and Zanzibar, and aims "to create a sustainable financial and information services network for small and micro-entrepreneurs in order to promote their business growth, enhance their income and create employment in Tanzania".

⁸ www.pride-tz.org

Among several examples one can refer to Khandker (2005), that shows that the access to microfinance in Bangladesh, did not only contribute for poverty reduction among program participants, but that there was an overall growth in local economy and a poverty reduction at village level (Khandker, 2005: 285); and Armendáriz de Aghion and Morduch (2005), who defend that microfinance presents possibilities for extending markets, reducing poverty, and foresting social change (Armendáriz de Aghion & Morduch, 2005: 3). In either case, it seems fair to argue that microfinance can be a viable bottom-up solution for poverty alleviation and development, preferably as a “complement to effective macroeconomic policies” (Woller and Woodworth, 2001: 270).

Furthermore, and relating to the research in hand, it is argued that credit represents a form of economic empowerment in itself, enhancing the ability to produce and provide resources to the household economy (Goetz & Sen Gupta, 1996: 47), and the effects of microfinance on empowerment are largely supported by several studies, namely female empowerment, but once again still without consensus (Brau & Woller, 2004: 26)(Ashraf *et al.*, 2008: 12).

Nowadays, several organizations are attempting to build human capital of micro-entrepreneurs with the aim of further poverty alleviation, namely through business training and by teaching entrepreneurial skills, but the specific impact on the economic outcomes for the poor are still greatly unknown (Karlán & Valdivia, 2009). A good example of research in this area is the investigation that has served as base for this master thesis, which sponsored a business training course developed and implemented by University of Dar-Es-Salaam Entrepreneurship Centre (UDEC) that reached more than 300 small scale entrepreneurs in Dar-Es-Salaam, between August 2008 and January 2009 (Bjorvatn *et al.*, 2010).

Overall, there are two opposing views within microfinance: On one hand access to credit in itself is argued to be the determinant factor of aid for poverty alleviation; but on the other hand there is a growing focus on human capital formation and several institutions start to implement entrepreneurship/business training for microfinance entrepreneurs.

Arguably, both sides of this argument focus on forms of power (economic power through access to credit; social power through education/business training). With such an approach there are questions that may rise while focusing on the role of the individual: Does economic empowerment in itself represents the key issue for poverty alleviation? Or does an increase in social power, through education, produce more expressive outcomes? Which other forms of power are determinant? In sum, are there factors of empowerment that influence the living conditions of microfinance entrepreneurs in Dar-Es-Salaam?

3. Methodology

Much like the work of Sen, this research is “... particularly concerned with the agency role of the individual as a member of public and as a participant in economic, social and political actions” (Sen, 1999: 19), and it presents itself with the general goal of better understanding the possible relations between empowerment and poverty alleviation, through the improvement of living conditions. As such, and taking into consideration that there is a quantitative approach within this study, the general hypothesis is:

- Empowerment is crucial to the improvement of living conditions within microfinance entrepreneurs of Dar-Es-Salaam.

Taking into consideration that a mixed methodology was adopted (quantitative and qualitative) the next hypothesis can be accepted or refused solely by the data provided by the survey. However, this thesis strives for a more comprehensive approach and, as such, it relies on the same hypothesis as guidelines for the qualitative methodology, there being a more interpretative treatment of results that will shed light on relevant issues that can be useful in further investigation in this subject, including the identification of further issues to be developed in future surveys.

More specifically, the above stated hypothesis is pursuit through the following specific hypothesis:

- Hyp.1 - There are relations between social empowerment and household outcomes;
- Hyp.2 - There are relations between institutional empowerment and household outcomes;
- Hyp.3 - There are relations between economic empowerment and household outcomes;
- Hyp.4 - Business training contributes to increasing other empowerment indicators.

Even not being directly a hypothesis of this thesis, it is important to remember that Bjorvatn and associates are researching causal relations between exogenous variables (business training and business grant) and household outcomes, which also constitute valuable available information for the problematic at hand, which will also be referred to in the results.

With such research goals, this methodology chapter tries: to present the already ongoing studies that serve as a context for this thesis; to develop an empowerment model that accepts its multiple dimensions and the specificity of its context; and to present the techniques and instruments that were used in this study.

3.1. Study Background: The NHH Research Project

Prior research has and is being carried out by NHH, in partnership with REPOA and PRIDE Tanzania and it frames the work conducted in this thesis. As such it is important to present the ongoing studies, which aim to understand the “potential importance of adding training to microfinance in order to promote business development among small scale entrepreneurs” (Bjorvatn & Tungodden, 2009: 1)

The above quoted research as randomly distributed microfinance entrepreneurs into groups, being that some received business training or/and an extra-grant (treatment group) while others have not (control group). The business training as been offered for free by the University of Dar-Es-Salaam in collaboration with client officers at PRIDE, and the contents focused on long-term planning, environment and market, marketing tools and customer care, human resources management, calculating profits and loss, cash management and financing your business; while the extra-grant constituted on a single money transfer of 100.000 Tanzanian Shillings (80 USD), a value equal to the marginal cost of offering training and approximately equal to 50% of average total yearly investments in the business before the interventions (Bjorvatn et al., 2010).

More thoroughly it is important to explain that a sample of 644 individuals was selected from two branches of PRIDE in Dar-Es-Salaam, namely Magomeni and Buguruni. Both

correspond to areas of Dar-Es-Salaam with high population density, most of which in poor living conditions (Figure 3).

The individuals of the sample comprise several sectors of the economy, namely agriculture, manufacturing, service and commerce, and have been divided into four groups: 193 clients were offered a 21 weeks training program; 126 clients were offered a 21 weeks training program and, after the training ended, a business grant; 126 clients were offered a business grant; and 199 clients were allocated to the control group.

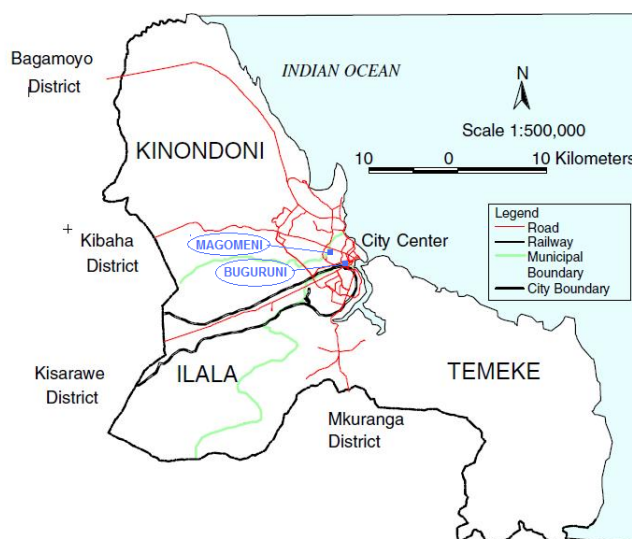


Figure 3 - Location of Magomeni and Buguruni Branches⁹

Conditioning variables and introducing exogenous variables are basic strategies to ensure conditions for valid statistical regressions of causal relations (Morgan & Winship, 2007: 29). As such, it is important to underline that the sample is representative and the treatment and control groups have similar background variables (e.g. size of loan) and that randomization was used in order to successfully analyze the causal effects of the exogenous variables.

The results are still provisory, since they correspond only to the first year (in a four year study) but so far the main findings of this study are:

⁹ Image adaptation from Kironde, LM, 2006: 467

- Major impact of the human capital intervention on male entrepreneurs, no independent impact of the Financial capital intervention;
- Minor impact on business outcomes for female entrepreneurs, mainly impact on business practices and business knowledge;
- Important interaction effects between financial capital and human capital;
- Both mindset and business knowledge are important for microenterprise development.

These above paragraphs intend to present many details and important information that, even if not being directly controlled by this researcher, are essential in this investigation. Still it is important to draw a line and shift the focus to the specific adaptations and the definition of specific methods for the study of empowerment in this framework.

3.2. A Framework for Measuring Empowerment

Throughout this document it is important to keep in mind that: “Empowerment is defined as” ... “an individual’s capacity to make effective choices, that is, to make choices and then to transform those choices into desired actions and outcomes” (Alsop *et al.*, 2006: 10).

Furthermore, it is also crucial take into account that, it is acknowledged the existence of an Opportunity Structure that shapes and constrains human interaction and individual choices (Alsop *et al.*, 2006: 13); however it will simply be seen as the context in which the individuals exist. In spite recognizing its importance, it does not aim to spotlight these variables manipulated by the context or government (e.g. if the state provides free healthcare), but on the agency of each individual to improve their own life conditions. Accepting this limitation, the focus of this study is in the individual empowerment of micro-entrepreneurs in the specific urban context of Dar-Es-Salaam – Tanzania (Sub-Saharan Africa).

It is easy to identify common concerns on the already quoted approaches on empowerment measurability, as well as diverging points. While Oakley and Clayton (2003) take relations with organizations as a whole, Alsop and associates (2006) differs social

relations from relations with institutions, but still both refer to economic power. However, empowerment measurement must take into account the specificity of individual empowerment in Tanzania, and attempt a bottom-up construction of the concept's indicators for this project. As such, one must try to define concrete indicators of empowerment and use mixed methodology in order to try to overcome the challenges of meaning, causality and comparability (Alsop *et al.*, 2006: 30-31).

For this study, it is defined a specific empowerment model that takes reference in the above quoted studies, but focuses on the individual itself, and distinguishes three basic forms of power - social, institutional and economic – in order to tackle the complexity of the concept. More specifically:

- Social dimension, in which it is taken in consideration the proneness to lead or influence the community, as well as to participate in community life or create social relations, and even education or family background. In sum, it tries to understand the role (and power) the individual may have in his/hers local community;

- Institutional dimension, in which there is a focus on knowledge and execution of rights and on participation or relationship with formal institutions or state services;

- And finally, Economic dimension refers to access to credit, goods and private services, and also to entrepreneurship skills that refer to capabilities directly related with business practices.

The following model tries to encompass a complex scenario that aims to understand correlations between three dimensions of empowerment, and the positive outcome of better life conditions, in the given context of Dar-Es-Salaam. Furthermore, within the dimensions there are two exogenous variables (business grant in the economic dimensions and business training in the social dimension) that were manipulated by the research group, in order to empirically determine causality¹⁰.

¹⁰ Issue further developed in point 3.3.

It is important to notice that in all the other relations of the model there are arrows on both directions, reflecting that changes in each of the dimensions or outcomes are correlated and constantly influence each other. As such, the study will focus on the existence of correlations between empowerment and household outcomes.

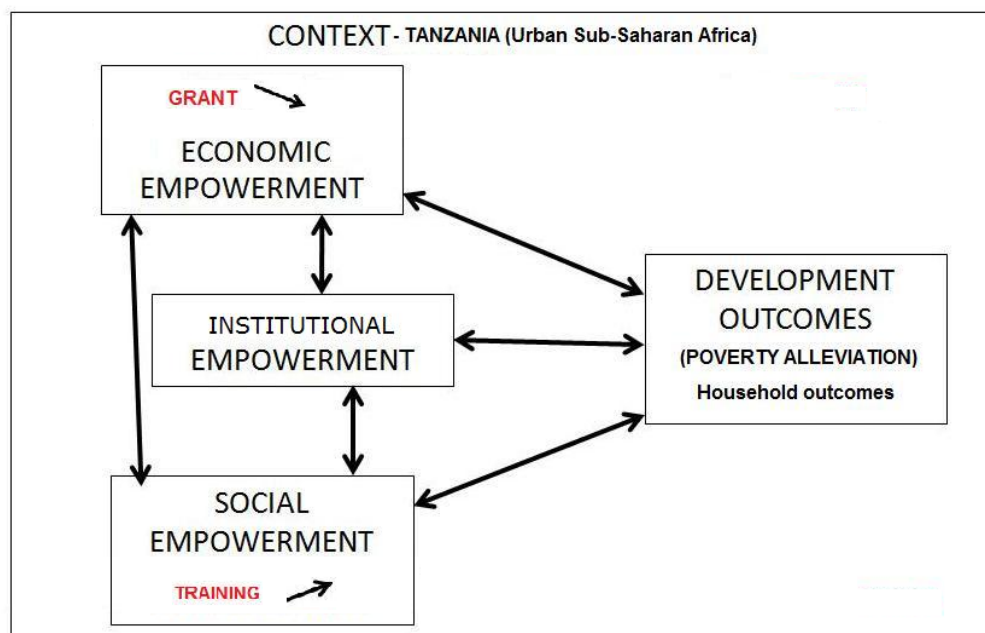


Figure 4 - Proposed model for empowerment analysis

We assume that the dimensions proposed in the model will facilitate a better comprehension of the correlation between empowerment and successful micro entrepreneurs. Being so, it was required to further develop and adapt the analysis framework presented in the perspectives which served as a base for the model, such as the ones proposed by the above quoted perspectives. As such we adapt and propose a number of components within each of the dimensions:

- Social dimension is better understood in indicators such as leadership, participation in community, and education;
- Institutional dimension focuses on participation in local institutions, access to state services, and knowledge and execution of rights;
- Economical dimension refers to access to credit, goods and private services, and

entrepreneurship skills.

Table 2 - Dimensions and Indicators of empowerment

DIMENSION	INDICATORS
Social	Leadership
	Education
	Participation in Community
Institutional	Access to state services
	Knowledge of rights/institutions
	Participation in Institutions
Economic	Access to credit, private services and goods
	Entrepreneurial and business skills

The definition of the above presented indicators have taken into account several studies that have reflected about the measurability of empowerment (namely Alsop et al., 2006; Oakley & Clayton, 2003), as well as, crucial inputs of local Tanzanian researchers and the micro entrepreneurs themselves. As such, the validity of this framework is not simply theory based, but attempts to construct an actual bottom-up approach to the context.

3.3. Definition of Techniques

An essential stage of the study is to define the concrete techniques that are adequate to better understand empowerment in this specific Dar-Es-Salaam context. There is already available data, given the ongoing studies that investigate the effects of teaching entrepreneurship in microfinance customers, from which it is possible to retrieve crucial information. However it is important to further investigate its implications within the empowerment dimensions and to analyze empowerment as a complex whole.

This will be accomplished through the use of both quantitative and qualitative methodology, namely the data available in the quoted studies (analyzed with STATA software), as well as two complementary techniques specific for this thesis proposal: forty two directive interviews and two focus groups, one with researchers with access to privileged information and a second one with microfinance entrepreneurs.

In sum, the quantitative approach of this study aims to take advantage of the representative volume of data already available in order to analyze correlations and achieve results that could be generalized to other similar environments, such as urban Sub-Saharan Africa; and the qualitative approach aims to overcome some of the limitations of the survey and understand more in-depth the specific and complex scenario of empowerment within PRIDE Tanzania in Dar-Es-Salaam.

3.3.1. Survey

Once again, it is important to highlight that the available data from Berge (2009), Bjorvatn and Tungodden (2009) constitute a base for the research, given the considerable size of the sample and the fact that their research induced exogenous variables (business formation and extra-grant) that may empirically demonstrate causality in a relation between empowerment and positive development outcomes.

Therefore, much of the data is made available by a large investigation team that conducted a wide scale survey, already briefly described in point 3.1.. More specifically and regarding the conduction of the questionnaires, these were administrated by groups of two inquirers, one Tanzanian researcher from REPOA and one researcher from NHH. It was carried out in the indirect form, being that each question was filled-out by one of the researchers, with the aim of checking the validity of answers (e.g. the interviewer would call on attention if the perceived monthly expenses were different from the overall aggregation of each stated expense) and to make sure that each question would be filled-out correctly. Moreover, each microfinance entrepreneur was inquired in a relatively calm environment, preferably in their own business (if installations existed), but sometimes in the PRIDE branch office or even other suitable available installations; and the duration of the interviews would vary between one or two and half hours, depending on the number of businesses of the entrepreneur or the quality of the business's financial accounting.

The treatment of the data was made with two programs: Epidata 3.1¹¹ was used for data entry and data documentation; and STATA 11¹² was used for the statistical analysis, were regressions were made in order to assert the relation between variables. In an additional note, the graphics were made with Windows Office Excel 2007¹³.

In sum, with the above briefly described survey it is possible to gather data that allows analyzing two different elements that can compose indicators of power: business training (social dimension) and business grant (economic dimension). And, more importantly, through this instrument it was possible to access further data and build up an empowerment model that comprehends several indicators.

3.3.1.1. Definition of Indicators

The actual defined indicators and indexes for the quantitative analysis of the empowerment model are much influenced by the variables studied by Bjorvatn and associates, namely through questions that are present in the survey and are eligible for statistical analysis (see Appendix I).

It is crucial to remember that the definition of the following Table 3 took much into account the focus groups interviews, with the aim of a bottom-up construction of the analysis. Yet, and certainly, references of prior studies and theories also performed their role in the definition of the model, dimensions, indicators and indexes. As such, the actual terminology of each component and indicator sprung from a dynamic relation between the diverse authors consulted and the actual terms used during the field work and within the focus groups discussions.

Many of the variables reflect points that are commonly studied in economics as business practices, and are being studied by Bjorvatn and associates as possible outcomes of the

¹¹ <http://www.epidata.dk/>

¹² <http://www.stata.com/>

¹³ <http://office.microsoft.com/pt-pt/excel/default.aspx>

exogenous variables (business training and grant). However, there are several questions that are eligible to be used as indicators within an empowerment model, in all three theory-based dimensions: social, institutional and economic.

Table 3 - Indicators and Indexes of empowerment

DIMENSION	INDICATORS	INDEXES
Social	Leadership	Leadership position in PRIDE Tanzania
	Education	Personal prior education
		<u>Business Training</u>
	Participation in Community	Years of Residence in DSM
		Phone Contacts Phone Expenditure
		Group Discussion within Business Group
Political	Knowing Institutions	Institutions knowledge (4 questions)
	Participation in Institutions	Business Registration Business License
Economic	Access to credit and private services	Formal Bank Card
		<u>Extra-Grant</u>
	Entrepreneurial skills	Interviewer Evaluation
		Business Records

Starting by the Social Dimension, and referring to Leadership, there is only one issue that was approached, namely the individual role/task performed within the microfinance institution (namely being chairman or secretary of the EG or MEC group¹⁴). The scope of these indexes relies on individual characteristics of leadership that may have an actual impact on poverty alleviation; however it is important to admit that this simply refers to leadership within the PRIDE organization and does not reflect an overall leadership capacity. Still, it constitutes the best possible data for the analysis of the influence of leadership capacity.

Regarding Education, there is an obvious focus on the business training (exogenous

¹⁴ EG (Enterprise Group) is a self-selected solidarity group guarantee of 5 members and MEC (Market Enterprise Group) is 10 Solidarity groups combined into one large group of 50 with whom the entrepreneurs have weekly meetings. (PRIDE Tanzania website: <http://www.pride-tz.org>)

variable) but it is also taken into account the level of personal formal education prior to the study. As such, there is a focus on education beyond the business training that may very well explain some of the results found.

The indicator of Participation in Community was somewhat challenging to grasp, but some questions pose themselves as clear indicators for an empowerment correlation model, namely: the time of residence in Dar-Es-Salaam, that would arguably induct to a broader number of social connections; the number of telephone business contacts and costs, that once again somewhat reflect the size of a social network; and the average business discussions within the PRIDE business group, that reflects the use of social connections to improve their own businesses, however this last variable is incomplete since it does not reflect on business discussions outside the group.

Still, through the additional qualitative instruments it is possible to analyze a broader range of data and understand these indicators more in-depth.

Passing on to the Institutional Dimension it is important to state that there is scarce data available, for several reasons. In part due to the already referred methodological constraints that have instigated the use of additional instruments, but also because the specific context of Dar-Es-Salaam, namely the fact that there is a widespread basic access to health and education. It is left out many issues related with the execution of rights or the active participation in political/institutional life (e.g. being a member of government or union), being that those issues are approached on the comprehensive approach.

Even so, there is a focus on the Knowledge of Institutions, where it is analyzed knowledge on: macroeconomic government programs (MKUKUTA), and microeconomic private and public institutions (location of private banks, Nguvu Kazi licenses office), with the aim to somewhat evaluate the subjects knowledge of surrounding institutions; and the Participation in Institutions, evaluated through official business registration and business license, seen as a sign of relation with the institutional framework.

Finally, within the Economic Dimension the Business Grant is a compulsory element since

it constitutes an exogenous variable that can prove causality. But also the indicators of Access to Credit and Private Services, that focuses on the possession of a formal bank card indicating an access to formal banking. And Entrepreneurial Skills, that refers to the interviewers evaluation on the respondents potential, made upon the interview moment, and somewhat aims to capture the individual capacity as an entrepreneur; as well as the practice of written business records, which represents a business practice that can reflect a process of empowerment that augments the individual capacity to pursuit own interests.

In a final point, and regarding the creation and definition of each index, please refer to Appendix III (for a more detailed construction of the variables) and Appendix I (for the list of questions used in the survey). Also important to already make reference, the qualitative instruments of this study have built up their own specific indexes, being that: the directive interviews focused on points that were not approached in the survey; and the focus group interviews constructed their own indexes, being that the indicators were merely a base framework for data analysis.

3.3.1.2. Measuring Impact

According to Karlan and Goldberg (2007), microfinance may generate impacts on the clients business, well-being, family, and the community; and it would be a mistake to measure only changes in the client's enterprise when evaluating such a topic. Moreover, evaluations can attempt to actually determine the number of clients moving out of poverty (Karlan & Goldberg, 2007: 21-22).

According to Sen (1999), it is important to recognize the role of wealth in determining living conditions and quality of life; however an adequate conception of development must go beyond the accumulation of wealth and other income related variables (Sen, 1999: 14). As such, the statistical analysis will take into account the already quoted independent variables with a given number of indicators that refer to household outcomes, also available through the same general questionnaire. Common indicators of

them may refer to issues such as nutrition or education and often include: Instances per week/month of specific nutrients, percentage of children enrolled in school, and medical expenditures (Karlan & Goldberg, 2007: 23).

Adjusting to the practices of Bjorvatn and associates, a number of indicators had been taken into account for measuring the impacts on the households. First, there is a focus on a group of outcomes that has already been surveyed upon a baseline study performed in 2008, in comparison with the results of the 2009 follow-up survey. As such it is possible to analyze the possible impacts during the year of study and not absolute values that could correspond to the influence of something prior to the study. Moreover, attention was given to a group of indicators that has not been studied in the baseline survey of 2008 but still constitute an auxiliary fountain of data that, even if unable to successfully represent change during the year of study. This following list of indicators of household outcomes corresponds to the dependent variables of the survey (Table 4).

Table 4 - Household Outcomes (dependent variables)

OUTCOMES (changes 2008-2009)	OUTCOMES (only 2009)
<ul style="list-style-type: none"> • Acquisition of household durables • House ownership • Nutrition (meat) • Children in school (private school) • Servants employed • Health (problems and expenditure) • Profit (calculated and stated) 	<ul style="list-style-type: none"> • Food Expenditure • Remittances • Children in school (private, public, after-school tutoring)

It is possible to see that there is a focus on the change between 2008 and 2009 of the acquisition of durable items (namely television, radio, bicycle and furniture) as well as the expenditure on them. A higher acquisition or expenditure in durables is assumed to correspond to possible increase on income during the last year, however its limitation relies on the fact that some of the micro-credit entrepreneurs may already own the items or simply prefer to spend their income elsewhere.

The same limitation can easily be pointed to the indicator of house ownership; still it is accepted the assumption that a large improvement in living conditions can be seen in the

acquisition of property. As defended by Deaton and Zaidi (2001), consumption aggregates, in spite being limited in their scope, are a central component of any assessment of living standards, being that these can refer to housing, durable goods and food, among others.

Regarding food, meat consumption manages to capture change between 2008 and 2009, it seems limited in its scope because it fails to perceive the quality of consumption of several individuals (e.g. vegetarian Indians). However, food expenditure simply detects overall numbers of 2009, but allows an analysis per element of house aggregate.

In a positive note, indicators allow the analysis of implications outside the direct household aggregate, being that it is possible to detect changes between 2008 and 2009 of the number of house servants, as well as, the overall numbers of 2009 for contributions to friends or relatives.

On the chapter of health and education, it is possible to better understand the changes in health expenses and health problems during 2008/09, as well as the changes in private schooling for the children of the household. However, regarding public schooling, after-school tutoring or no schooling at all, it is only possible to see numbers of 2009.

In a final point of profit, changes are analyzed both for stated profits and calculated profits. Being that the calculated profits was achieved during each interview of the survey, by calculating the several sources of income and expenses of each of the respondents businesses.

The exact construction of each of the variables is more thoroughly represented in Appendix III, as well as the dummies used in the statistical analysis performed with STATA software. Furthermore, the list of questions that allowed the retrieval of data is available on Appendix II.

3.3.2. Directive Interviews

This instrument was developed with the purpose of better understanding the prevalence of certain aspects that are commonly addressed within empowerment studies, but have

not been addressed in the survey and quantitative analysis. It aims to detect possible issues that could be interesting to analyze in future studies, as well as to clarify other indicators that seem not to be significant in the specific context of Dar-Es-Salaam. As such there is an important role in the implementation of specific directive interviews that focus on issues/indicators that are not thoroughly analyzed through the base survey.

It was conducted by Tanzanian researchers to 42 microfinance entrepreneurs that were not part of the sample of 600 individuals used in the major survey. The aim was to collect data from individuals that would eventually correspond to the survey sample without conditioning/influencing the normal conditions of surveys (e.g. creating an even longer questionnaire that could influence the answers on the final part of the interview). Being so, it is not possible to correlate the data from the directive interviews with the data from the survey conducted by Bjorvatn and associates, nor is it possible to draw specific quantitative correlations between these findings and actual outcomes, namely associated with poverty alleviation.

It is also important to inform that in an initial stage the questions were conceived to be part of the major survey if found adequate, and are therefore close-ended. It was the first of the instruments in this thesis to be implemented and was conducted in May/June 2009 in a format of individual directive interviews, in order to ensure the comprehension and adequate filling out of each question. The directive interviews focus on issues that could be interesting to analyze in an empowerment study, but were not a part of the base survey, namely:

- Participation in community life – reflected in the participation in sportive, musical or cultural associations, as well as, religious institutions;
- Participation in organizations – referring to political parties, unions or local development organizations;
- Knowledge and execution of rights – divided in 2 points, focuses on one hand to being registered and an active voter and on the other hand to presenting

complaints to private businesses or public services.

In sum, it may seem to perform a minor role, but one that may prove to be useful in association with the other methods, namely providing qualitative information. For a more thorough look at the actual questionnaire please refer to the actual instrument in Appendix IV.

3.3.3. Focus Groups

According to Elster, the better we focus the causal story, the easier it is to make sure that we are not dealing with mere correlation (Elster, 2007: 35). As such, focus groups may perform an important role in retrieving in-depth information that may explain the complex relations between variables. Conducting different focus groups allow a variety of perspectives and increase confidence in whatever patterns emerge (Patton, 2002: 385). With that in mind, the conducted focus groups interviews were not only directed to local researchers but also, and most importantly, to the micro-entrepreneurs themselves.

Moreover, such a method has even better allowed a bottom-up understanding and conceptual construction of empowerment for this research, given that it easily minimizes the imposition of predetermined responses and allows people to answer in their own words (Patton, 2002: 353).

Regarding the conduction of the focus groups in itself, the Tanzanian research partners represent a key role on data retrieval. They are certainly the most competent to adapt and implement the investigation instruments, not only because of language barriers (Swahili is the Tanzanian national language and common communication language) but mostly because of cultural specific issues, that much determine the most adequate way to pose a question or to conduct a focus group. Such a language adjustment was essential for the conduction of focus groups in a relaxed environment, namely in the use of interview probes.

There was a special concern on the environment, trying to find places that would be calm

and with no interruptions, as well as promoting a feeling of trust that would make people more comfortable to speak out about something so personal as their business or political connections. As such, it was decided not to use audio-recorder, even with the cost of not producing original transcripts.

It has been argued that “all of us code what we hear and see in the world around us” and “every way of seeing is also a way of not seeing”, referring to the limitations of field notes (Silverman, 2000: 147). The solutions found to minimize the limitations of field notes were: the a posteriori comparison of field notes among the focus group conductors immediately after the focus group for microfinance clients; and the use of visual outcomes and common answers that were agreed within the focus group of researchers.

3.3.3.1. Researchers Focus Group

This focus group consisted on four researchers (3 of Tanzanian nationality and 1 of American nationality residing in Tanzania) that conducted most of the survey to microfinance entrepreneurs and visited many of their business premises.

It was conducted in Sinza, Dar-Es-Salaam (in a calm restaurant of the area), on the 24th of August of 2009, between 14:30 and 15:45. Given the time of the meal/focus group, the restaurant was almost empty and the levels of noise were very low, so it was easy to create an adequate environment for a focus group.

The focus group was conducted in English language and consisted in two main moments:

- In the first one the issues were approached in an open answer system, using post-its, followed up by an open debate moderated by one external mediator (myself);
- The second moment consisted on the presentation of specific topics and the debate regarding their importance and role. It was a more directed conduction of the issues, specifying the indicators of the model and accepting adjustments to it.

In the first moment, an open question¹⁵ was made, and the answers were displayed on the table in a manner that the most similar answer were closer together. Then the focus group participants were asked to justify their choices and to comment on the other answers on the table, originating a collective debate. The mediator did not give his own opinions and mostly intervened to ensure that all participated actively in the discussion, to identify points of agreement or disagreement or to further focus on a given point that could benefit from further discussion.

In a second moment, the focus group was asked to give their opinion regarding each of the points (indicators) in the success of micro-entrepreneurs. Each point was discussed in group and a final answer was to be agreed amongst the participants, the role of the mediator was majorly to ensure the participation of all and to clarify the concepts/characteristics being discussed.

3.3.3.2. Clients Focus Group

The Clients focus group consisted on five randomly selected microfinance entrepreneurs of the Buguruni branch of PRIDE Tanzania, being that all have micro-loans and currently successfully manage a micro or small enterprise. There were people of both genders, four men and one woman, with ages between 28 and 39, and their participation was voluntary and with no prior reference to any kind of reward for participation.

It was conducted on the 1st of September 2009, between 10:50 and 12:05; in the Buguruni branch of PRIDE Tanzania, Dar-Es-Salaam. We had a private room to conduct the interviews, so it was easy to create an adequate environment for a focus group. Given that it was Ramadan and some of the clients are Muslim, we decided not to offer any drink or food during the focus group. Instead we offered 2000 Tanzanian shillings at the end of the session, explaining that we were doing so because we would normally offer drinks or food

¹⁵ The question was: Given your several contacts with micro-entrepreneurs during the interviews, in your opinion, what 3 characteristics do you identify as being more common and important in successful micro-entrepreneurs?

(we did not give any prior notice of such an offer).

The focus group was conducted in Swahili language, by a Tanzanian moderator, with prior experience in research and moderation, and counted with my personal assistance and supervision. It basically consisted in two main moments:

- A first moment in which the issues were approached in an open answer system, followed up by an open debate moderated by a mediator (this moment also served to “warm-up” and create trust within the group);
- And a second moment consisting on the presentation of specific topics and a debate regarding their importance and role. These topics corresponded to an initial list of indicators, yet there was still space for deviation from the topics and even the creation of new indicators, if seen adequate.

In the first moment, an open question¹⁶ was made and the focus group participants were asked to justify their choices and to comment on the answers of others, originating a collective debate. The goal was to find 3 characteristics that the group would define as being the most important and the mediators did not give their own opinions and mostly intervened to ensure that all participated actively in the discussion, to identify points of agreement or disagreement or to further focus on a given point that could benefit from further discussion.

In the second moment, the focus group was asked to give their opinion regarding each of the topics in the success of micro-entrepreneurs. We further divided the topics, based on the prior researchers’ focus group and the actual discussion among the participants, in order to better understand each of the issues:

- Leadership capacity was divided in not being afraid of trying new things, being creative (being that both these points were transferred to entrepreneurial skills), and

¹⁶ The question was: Given your experience as a micro-entrepreneur, in your opinion, what 3 characteristics do you identify as being more important in a successful enterprise?

knowing how to manage people;

- Education focused on the importance of the level of formal education;
- Participation in Community/Social links referred to having friends, and involvement in social groups (e.g. sport, church);
- Access to State Services based on the relevance of getting legal permits and licenses;
- Knowing and Executing Rights consisted on the meaning of knowledge of one's own rights, and on the action of making complaints if necessary;
- Participation in Institutions focused in the involvement in institutions (PRIDE, union, political party);
- Access to private services and credit reflected on the negotiation of prices, access to products, and access to credit;
- Entrepreneurial and Business skills referred to accounting skills, and knowledge of the market. As well as, not being afraid of trying new things, being creative (being that both these points were transferred from leadership capacity).

Each point was discussed in group and a final answer was agreed amongst the participants, the role of the mediator was majorly to ensure the participation of all and to clarify the concepts/characteristics being discussed.

This focus group were a major element for the definition of the model of empowerment in itself, the identification and selection of indicators for the quantitative approach, and an overall contribution for the construction of a bottom-up approach to the study topic.

4. Results and Empirical Analysis

In this chapter of results there is a detailed analysis of each of the indicators, namely focusing on the social, institutional and economic dimensions. There is a combination of information from the different techniques, namely additional data from the survey, the directive interview and the focus groups. All this is preceded by a more detailed analysis of the sample, based on the 644 individuals that answered the first survey of Bjorvatn and associates in 2008.

Regarding the survey analysis, it is important to underline that three layers of correlations were analyzed, namely between:

- Exogenous variables (business training and grant) and the household outcomes (e.g. change in calculated profit);
- Exogenous variables (business training and grant) and other empowerment indicators (e.g. change in bank card);
- Theory based empowerment indicators (e.g. change in bank card) and the household outcomes (e.g. change in calculated profit).

The first of these relations (exogenous variables and household outcomes) is only briefly mentioned in their corresponding dimensions. There is more detailed analysis of them in Appendix IX with the aim to take note of some of the results achieved by the ongoing studies, given that they are the focal point of ongoing research work and will be far more developed in the authors upcoming publications.

Still, since both variables are exogenous variables and therefore have empirical validity in a causal mechanism explanation, it is possible to have a clear starting point for an understanding of the proposed empowerment analysis model. So there is still a large focus in their relation with empowerment indicators.

The major of focus of the quantitative analysis of results will regard the actual relations

between theory based empowerment indicators and household outcomes (available through the survey).

Regarding the qualitative analysis of results, the focus groups supply the core data for this research and allow a more comprehensive analysis of each dimension. Both focus groups (clients and researchers) are analyzed concomitantly with the directive interview, and also try to identify other indicators that may be interesting to develop in future studies.

As such, within each indicator there will be place for two stages of analysis: a first moment that simply reflects on the quantitative technique of this study – the survey; and a second moment that allows a more comprehensive understanding of the issues in hand, in the specific context of Urban Sub-Saharan Africa – Dar-Es-Salaam.

4.1. The Sample

First and foremost it is important to have a deeper insight of the circumstances of the individuals in the sample of this study. As already stated, power has different meanings according to the contexts and, as such, it is crucial to understand in greater detail what the characteristics of the microfinance entrepreneurs were, when this research started.

In this section, there is a description of several issues namely regarding individual background characteristics, such as prior education or parent's occupations, as well as business and household circumstances, as daily income, business licenses or access to health or education. This description always takes into consideration the gender, in order to early detect differences that may exist between men and women, which may shed a different light on the results. In this sample, out of the 644 respondents of the survey in 2008, approximately two thirds of the microfinance entrepreneurs are women (Figure 5).

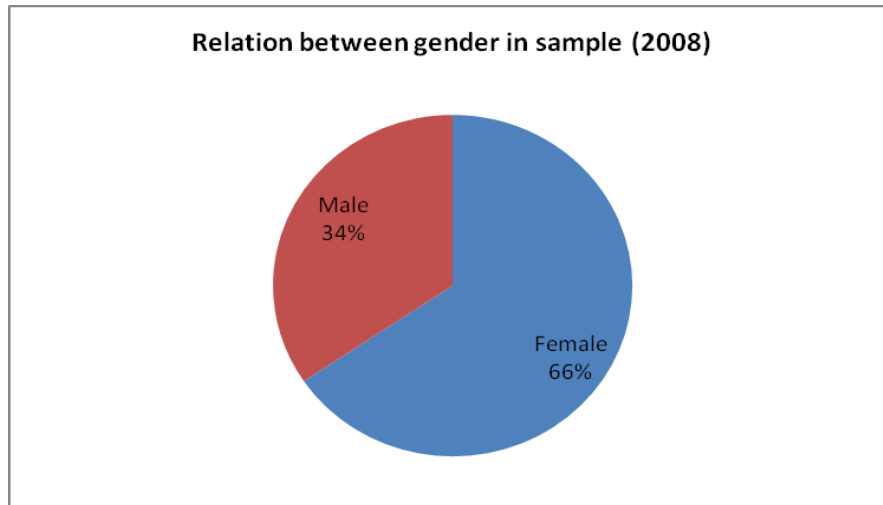


Figure 5 - Relation between Gender in Sample (survey 2008)

An interesting issue of this sample relies on the fact that women actually have a higher average of school years, with an 8.04 average school years in comparison with 7.73 of men (figure 6). Even if again the difference is only minimal, it is important to state that there were no prior differences on access to education amongst sexes, and if any then the men seem to have a relative greater difficulty in maintaining themselves in school. Still, it is fair to recognize that both man and women seem to have had relative access to school and education.

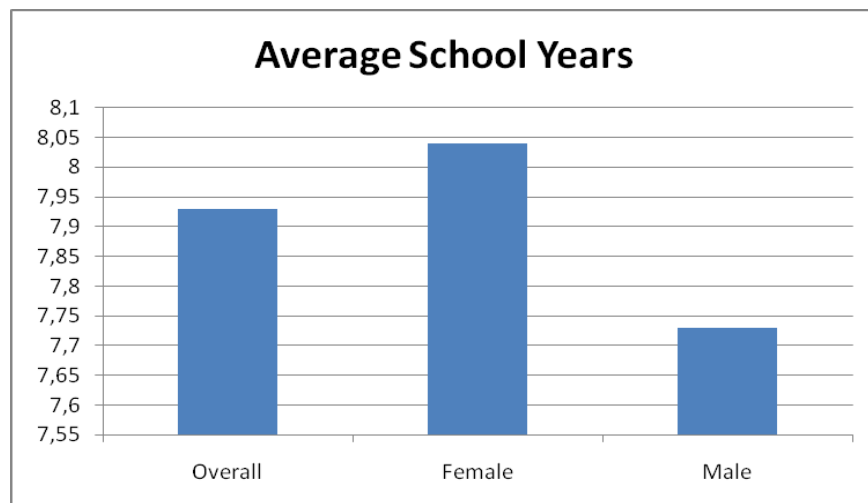


Figure 6 - Average Years of Schooling

Only 25.62% of the sample was born in Dar-Es-Salaam (Figure 7) while the vast majority was born elsewhere (74.38%), being that the tendency is somewhat stronger in women (27.96%) and weaker in men (21.17%).

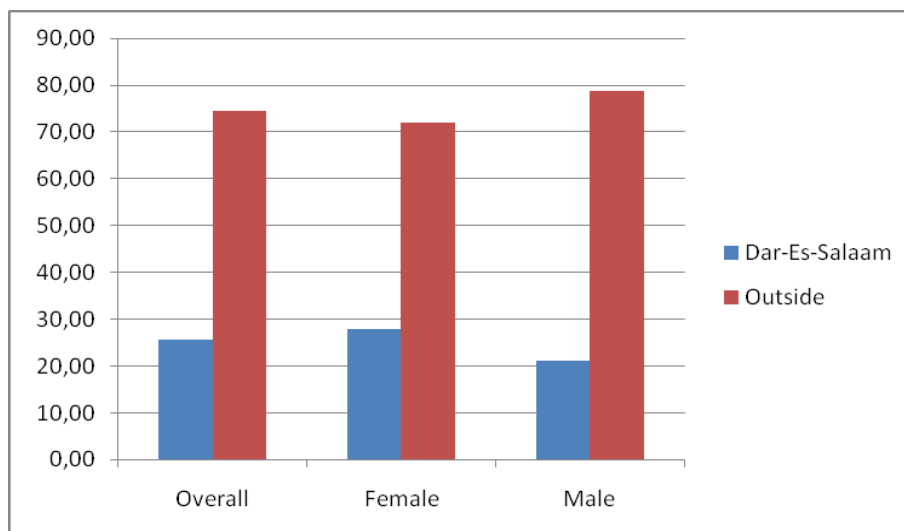


Figure 7 - People born in Dar-Es-Salaam (%)

Referring to the occupations of the individuals parents, there are several details that are worth to take note (Figure 8). Regarding the occupation of the mother it is easy to see that overall the most recurring work was peasant (46.27%), but with greater prevalence on men (59.46%). Women, on the other hand, have a relatively high number of mothers that were entrepreneurs themselves (28.67%). This factor can clearly indicate the importance of the familiar environment the ability of agency of each individual, especially on women.

When we refer to the father occupation (Figure 9), then the job of public employee is the one most present (36.02%) followed by peasant (27.17%) and entrepreneurs (22.67%). Regarding differences between genders, it is possible to notice that there are more women whose fathers were public employees (42.42%) while men had fathers that were peasants (37.84%).

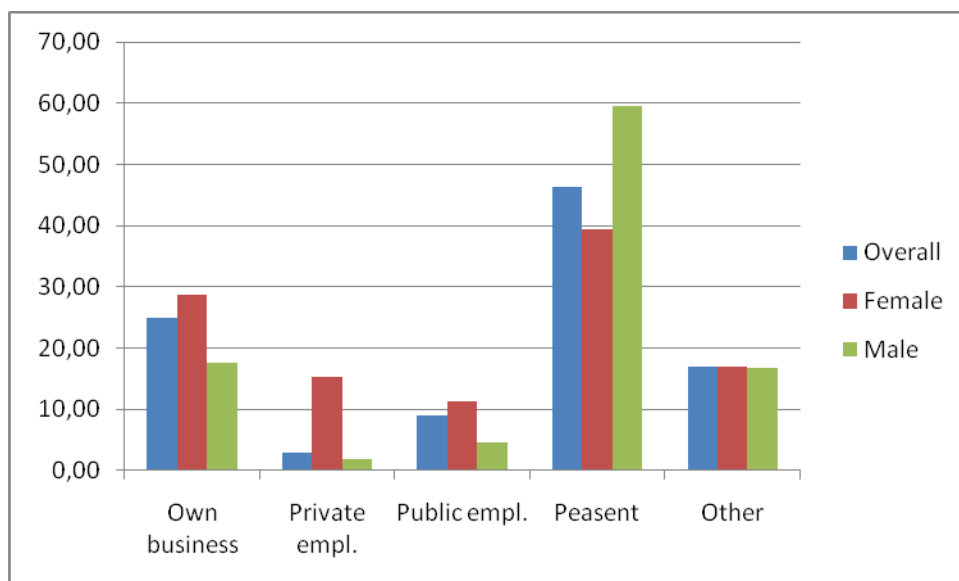


Figure 8 - Occupation of Mother (%)

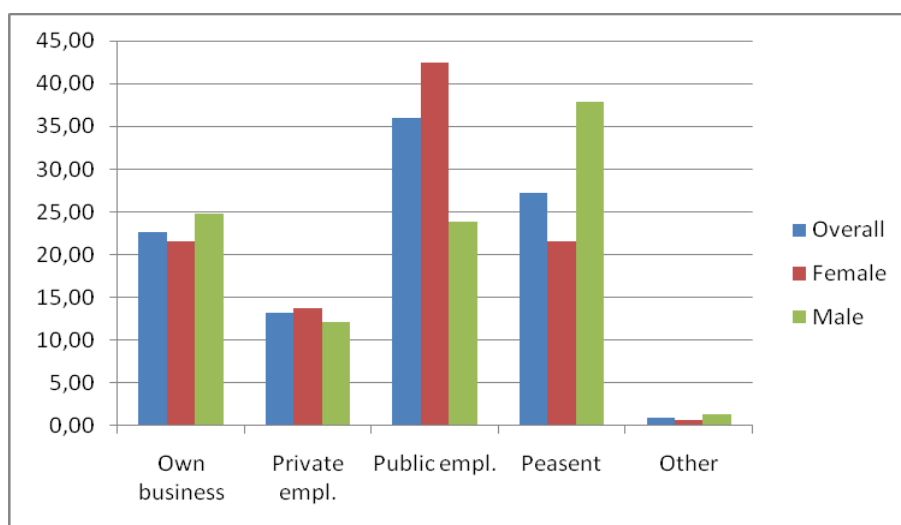


Figure 9 - Occupation of Father (%)

In this sample women seem to have a higher average loan (Figure 10). While women have average loan of 772.27 Tsh (Tanzanian Shillings), men have an average loan of 766.67 Tsh. Still, it is possible to state that the difference is minor and it does not reflect inequality amongst genders.

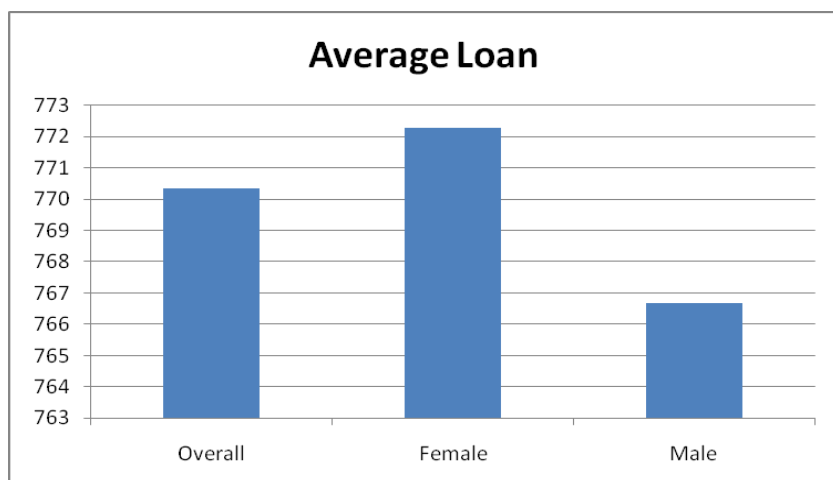


Figure 10 - Average Loan

Regarding the access to formal banking, it is interesting to see that 34.94% of the sample has access to formal banking (Figure 11), with no meaningful difference amongst genders but still a small higher value for women of 37.44%. Likewise, 25.93% of the individuals even have access to a formal bank card (Figure 12), in a somewhat higher proportion in women, in which 27.49% has access to a formal bank card.

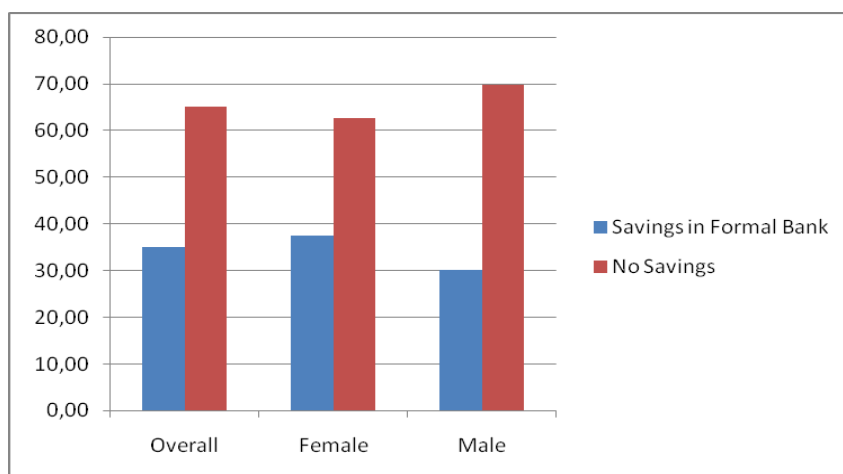


Figure 11 - Respondents with Saving in Formal Bank (%)

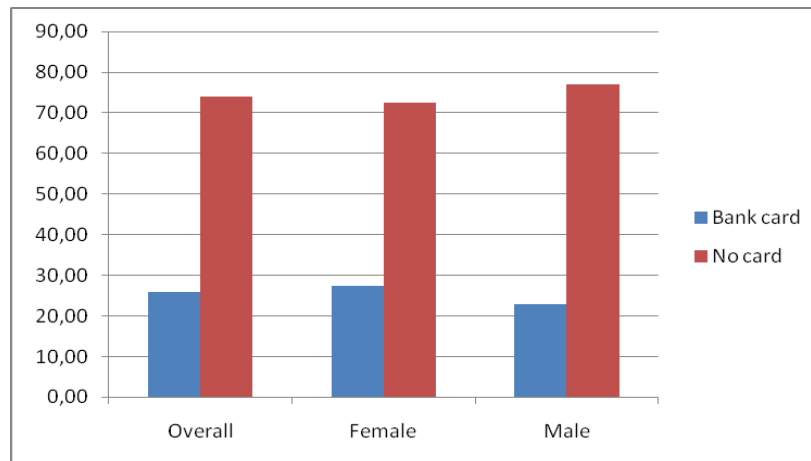


Figure 12 - Respondents with Formal Bank Card (%)

This indicates that we are not investigating a group of people in extreme poverty for Tanzanian standards, but a group that is already escaping poverty. An interesting question to pose is associated with the reasons why these individuals maintain contact with a microfinance institution.

Regarding daily profits (Figure 13), it is interesting to note that men seem to present relatively higher profits (14710 Tsh./per day) than women (13140 Tsh./per day). Given the prior information that indicated higher education and loan size for women, one could expect that women would also be performing better in business. However, this can indicate that there is indeed a complex group of power relations that may differ from men to women, which may influence the outcomes of their agency.

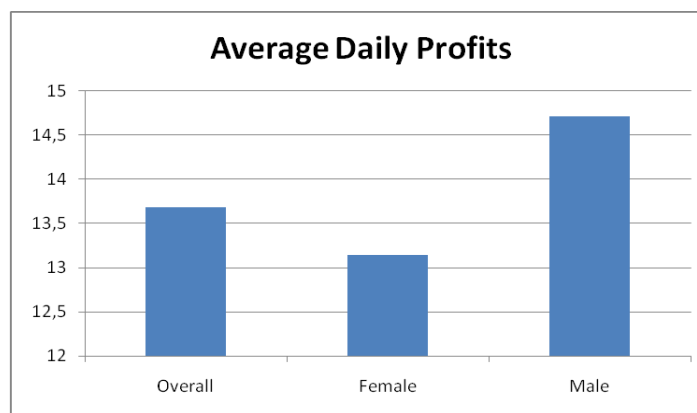


Figure 13 - Average Daily Profits

One possible partial explanation for the somewhat contradictory tendencies between prior education/loan size and profits may actually be seen in the average investments made in the prior year of study. According to this data (Figure 14), women have invested substantially less (118.51 Tsh.) than men (168.64 Tsh.), even if having higher average loans. It is hard to speculate on the reasons why such a difference exists, but it is a fact that it exists and may be associated with the amount of money that is dedicated to the business or the household. It seems to indicate that women do seem to have a higher concern on the household consumption, in contrast with the lower business investment.

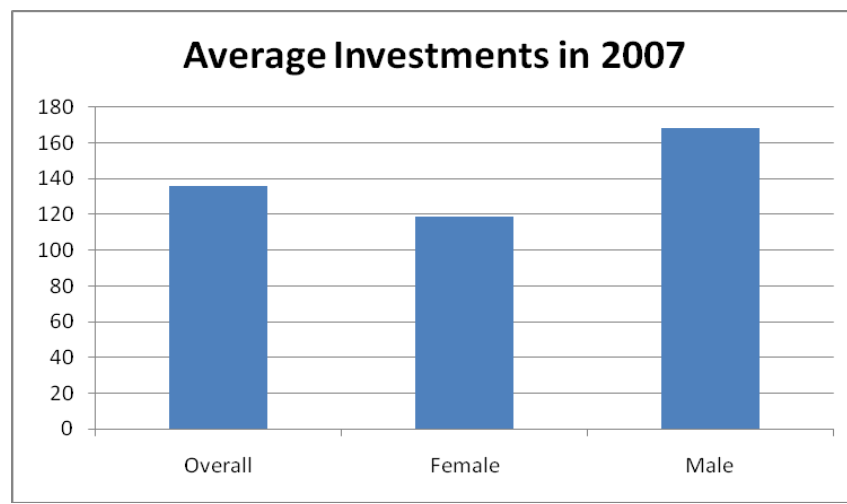


Figure 14 - Average Investments in 2007

Passing on to business records (Figure 15) it is also possible to see that most of the sample keeps some form of business records, namely 66.30%, with barely no difference between genders. However, much was left unanswered regarding the quality or format of these business records (an aspect that was currently being addressed in the ongoing studies on Bjorvatn and associates). Still, it represents a widespread concern and effort regarding the outcomes of the business.

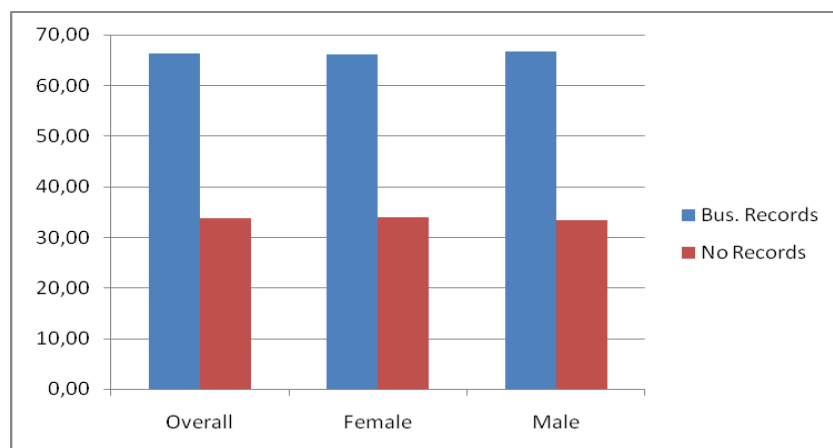


Figure 15 - Business Records (%)

Regarding social and institutional issues, in the initial stages of this study it was already clear that business discussion among the loan group were widespread (87.58% - Figure 16) and that the majority of the sample saw their group responsibilities as a positive aspect (63.04% - Figure 17). This can help explain the fact that many individuals that already have access to formal banking, namely access to bank card, still maintain themselves within PRIDE Tanzania. In one hand it is possible to refer to “Tanzania’s strong history of social cooperation and collectivization has created a present-day society in which the principle of organization for common good is embraced” (Michael, 2005: 71), but even if disagreeing with the above quote it is clear that social connections may represent an important issue for the topic of this study.

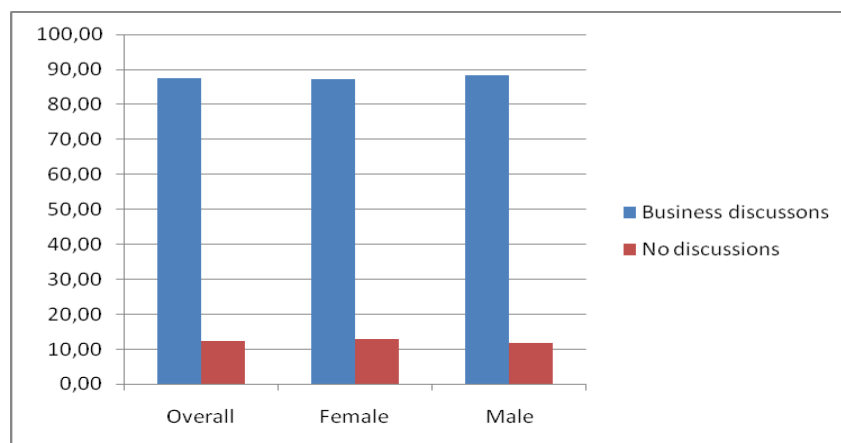


Figure 16 - Business Discussion within Business Group (%)

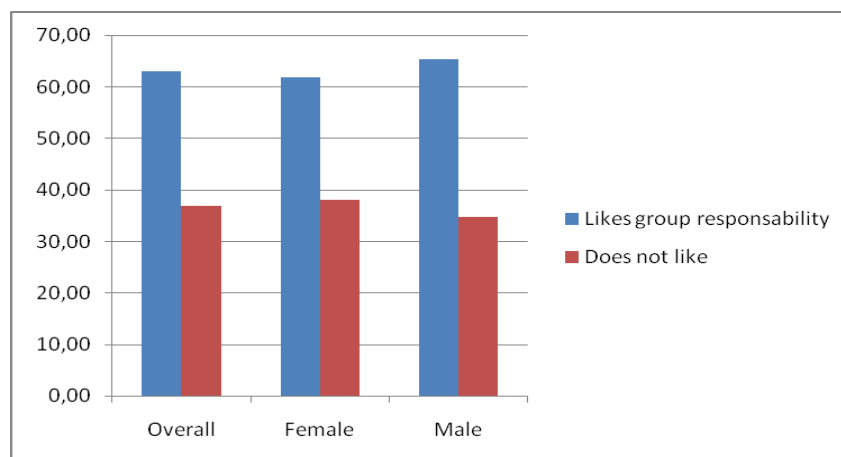


Figure 17 - Respondents that like group responsibility (%)

Regarding business registration (18.32%) and business licenses (16.15%), it is very easy to see that the vast majority of the sample does not see it as important (Figure 18). Given that they still are operating with their businesses, even if without licenses and registration. It early seems to indicate some limitations on the functioning of institutions that may very well constitute a constrain of the opportunity structure on the agency of individuals. Moreover, it is interesting to note that the differences amongst genders are minimal and do not seem to indicate differences on power.

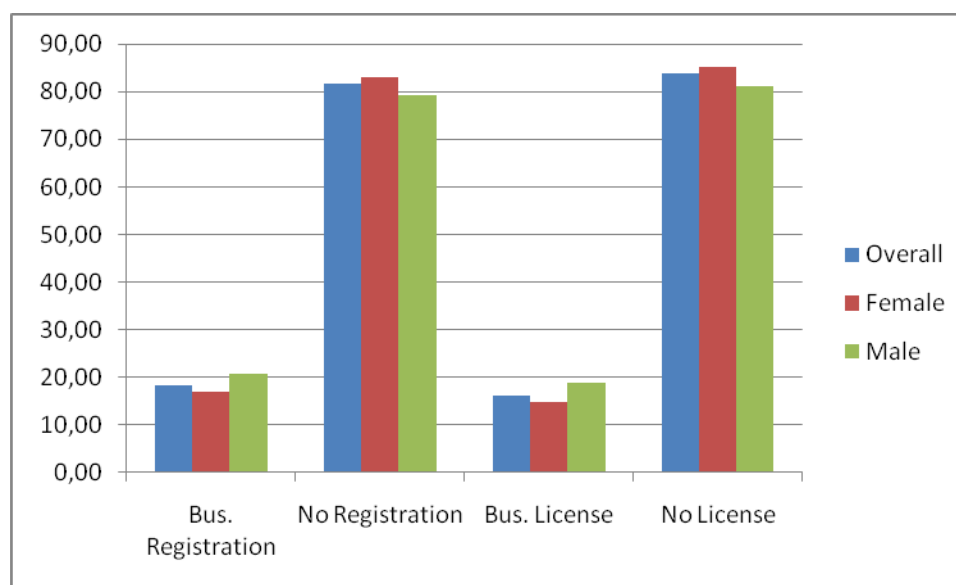


Figure 18 - Business Registration and Business License (%)

Passing on knowledge on institutions two issues that were addressed are here presented, the knowledge on goals of the MKUKUTA program¹⁷ (Figure 19) and in which government office issues business licenses (nguvu kazi) to small scale businesses in Dar-Es-Salaam (Figure 20). Through these answers it is possible to see that the vast majority does not know about the national MKUKUTA program (82.76%), while the biggest part knows about the local nguvu kazi office (67.24%). Referring to gender, it is possible to see that women seem to be slightly somewhat less informed on the access to business licenses.

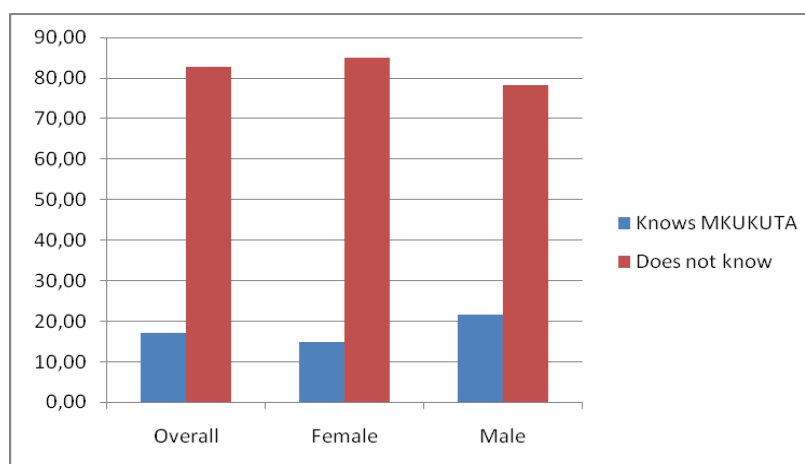


Figure 19 - Knowledge on MKUKUTA (%)

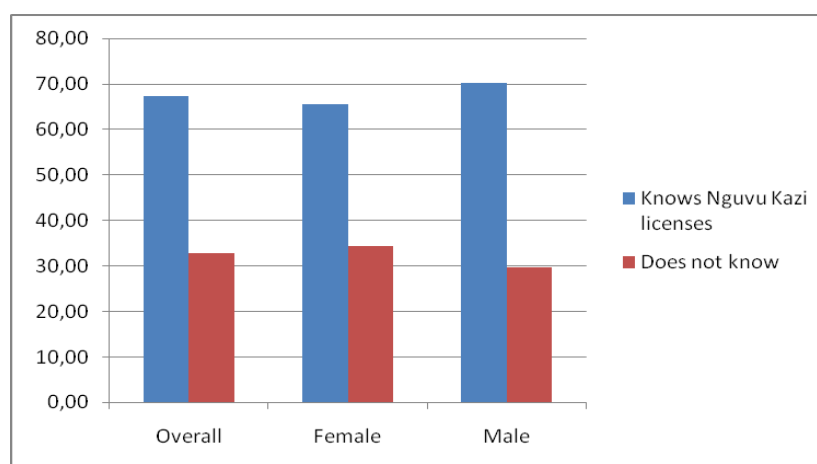


Figure 20 - Knowledge on Nguvu Kazi (%)

¹⁷ A national program that deals with increasing job creation and economic growth; improving social services and people's welfare; and improving transparency and accountability in central and local government

The most interesting part of this section relies on the fact that most seem to know where to get the business licenses (67.24%) but only 18.32% of the individuals have business registration and 16.15% have business licenses.

In a final group of issues on household welfare, it is possible to state that more women own their own house (59.48%) than men (40.54%), being that the overall number simply represents that a little more than a half of the sample actually owns their house (52.95% - Figure 21). This would seem again to support a greater concern that women seem to have on the household consumption, with a great focus on the acquisition of a house in spite the earlier numbers that point to lower daily profits.

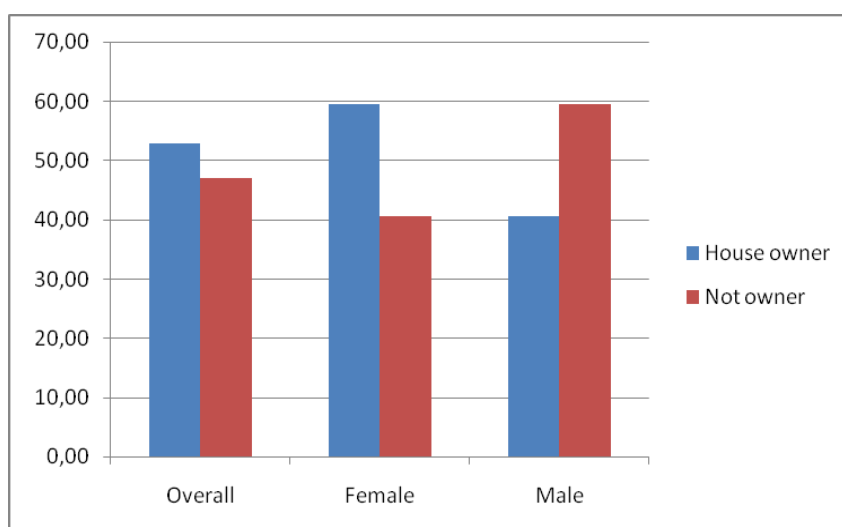


Figure 21 - House Ownership (%)

By the time of the first survey, only 23.14% had at least one house servant (Figure 22), with a higher number of women (27.96%) than men (13.96%). As such, there is an interesting detail is on the tendency in which the entrepreneur women more often hire house servants, which may indicate to some differences on genders regarding household concerns.

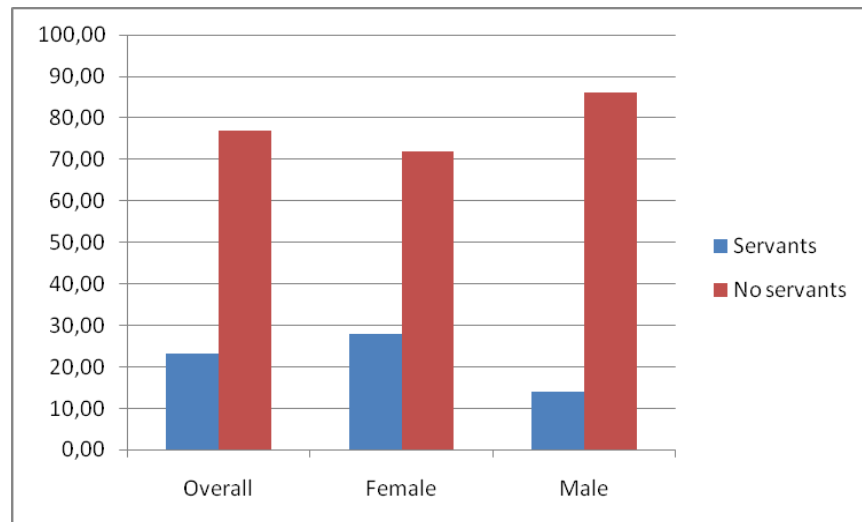


Figure 22 - House Servants (%)

On a final point on health (Figure 23), it is possible to see that there are no major differences between genders, and the high number of people that access to private hospitals (35.25%) represent that at least part of the sample is growingly further away from poverty. Still the majority of the sample still requires public health service (53.11%), an issue that is quite eased by the fact Dar-Es-Salaam is the biggest city of Tanzania.

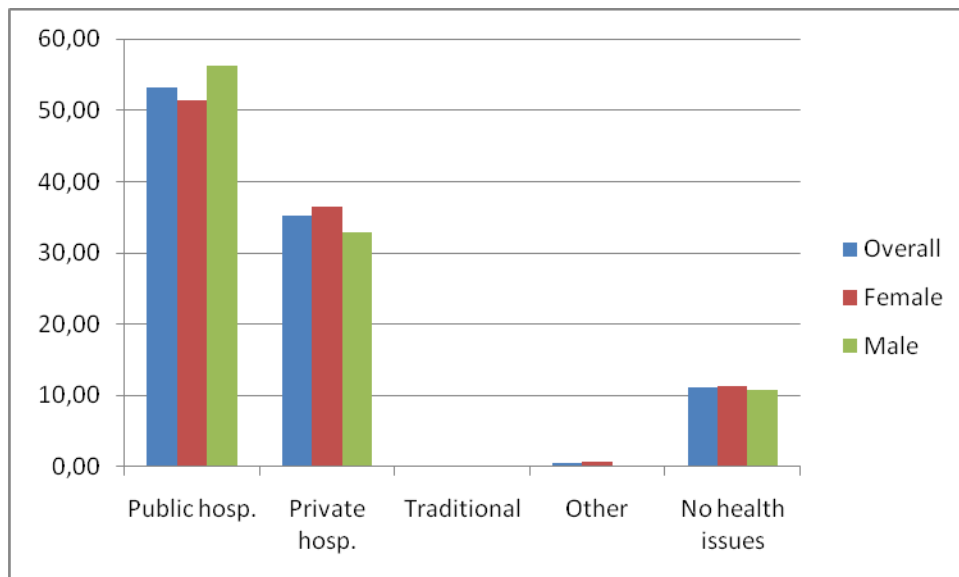


Figure 23 - Access to Health (%)

In sum, these results seem to indicate that the differences that may exist in power relations amongst men and women are neither associated with access to education nor to access to credit. As such, for this situation it seems that gender may not be the determining factor that ensures or prevents the agency of individuals or the outcomes they achieve. So far the only visible differences in genders are related with investment in business or on household. Still, it is important to further understand in which form other factors or forms of power actually influence and determine outcomes for both men and women.

Overall, in spite of the difficult circumstances of the majority of the microfinance entrepreneurs, we can state that the sample does not represent cases of extreme poverty, with a considerable number having had relative access to education or even currently employing house servants. Even so, the sample is quite heterogeneous regarding its background and current living conditions and it would be erroneous to oversimplify a vast group of 644 individuals. And more importantly, it is important to remember that a daily profit of 13140 Tanzanian shillings (~ 0.89 U.S. dollars) is below the international poverty line of 1 dollar per day and, as such, we are still referring to poverty allevation.

4.2. Social Dimension

In this study, the social dimension of empowerment basically tries to understand the role the individual may have in his/hers local community. With such a purpose there is a focus on the aptitude to lead or influence the community, education (both prior formal education and business training) or family background, as well as proneness to participate in community life or create social relations.

4.2.1. Leadership

Regarding leadership it is fair to early declare that very little had significant relation in the survey's findings. Basically there seems to be a negative relation between leadership positions and health costs ($t = -2.22$; $P > |t| = 0.027$). Other than that most impacts seem to

be negative, the individuals with 2 leadership positions within PRIDE Tanzania present a greater average decrease in the acquisition of durable goods and a smaller increase in durables expenditure, a higher decrease in meat consumption, a far greater fall in the number of children in private schools, a small decline in calculated profits, a decrease in house servants, and seem to have negative or no effect on change in house ownership.

This long roll of contradictory and unexpected data may induce to believe that there may be some problems on the data collection or the operationalization of the leadership indicator. In either case, it is important to remember that these values correspond to change in the last year and not to absolute numbers; it is fair to admit possibilities such as the positions of leadership are not recent and therefore any changes in the past year would not be related with change in leadership position, but with other variables. Perhaps even more important, it is essential to remember that leadership capacity is much more than the occupation of tasks within a micro-credit institution.

In a more comprehensive analysis, one must take into account that the sample is composed by individuals with very few or no employees whatsoever. As such, both focus groups rapidly transformed the topic into issues such as not being afraid of new things, creativity and risk aversion¹⁸. The only point that actually focused on the relation with others was the ability to manage people, mostly referring to the issue of “supervision” and “control them how to do business”. It is important to note that this point reveals that employees were seen as someone that should be supervised, in opposition to motivation management mechanisms or other approaches to people management.

As such, there is little to be taken from the topic of leadership. In one hand, the qualitative analysis of the index seems to fail to grasp the actual concept, being that it focuses only on the leadership positions within their loan groups and solidarity groups. On the other hand, a more comprehensive take on the subject took the focus onto to individual entrepreneurship skills, perhaps in virtue with the widespread number of businesses with

¹⁸ These points are analyzed within the indicator of entrepreneurial skills (4.3.2.).

little or no employees. Still, it allowed retrieving much data regarding issues such as ability to solve problems or creativity and, therefore, represented an important contribution in this work.

In future research, an effective operationalization of the concept of leadership must find way to retrieve data regarding leadership positions beyond the microfinance institution environment, namely in other social contexts such as the local community, civic society initiatives, religious groups, political organizations or other institutions¹⁹.

4.2.2. Education

First, and regarding the survey, it is important to sum-up the influence of the business training (available in Appendix IX). It seems to have influenced some of the outcome variables, more significantly meat consumption (where there is a significant relation for males) and children in school (where there is a significant relation on a minor number of children in public school), but also seems to influence a tendency for higher expenditure in durable goods, an average increase in house servants and a somewhat paradoxical decrease of house ownership, an higher decrease in health problems, and a clear average increase in profits (both calculated and stated). In short, there are clear initial signs of improvement of living conditions.

Still it is important to recognize that not all respondents have equal background and prior experiences, or more specifically prior education, also may very well influence the studied outcomes. Certainly that by focusing on education received years ago hardly would produce visible effects in this specific year of study, but it is important to recognize some relations that certainly have weight in the found results. A good example of which is the fact the people with more years of education (prior to the business training) have more signs of absolute wealth, namely more servants ($t = 4.78$; $P > |t| = 0.000$) and remittances

¹⁹ This point is briefly touched in table 5, where it is visible that none of the 42 respondents of the directive interview stated to organize or help in the organization of social activities.

($t = 2.63$; $P > |t| = 0.009$). Has said above, this group of significant relations does not reflect change in the past year, but clearly shows a correlation within a certain standard of living.

The factor of education was largely discussed in the Clients Focus Group, being that several points of view were analyzed through a technique that allowed deepening the role of education on empowerment. While some argued that “formal education is important”, others stated that “formal education is not enough” and that “most PRIDE members don’t have good business education” however they manage to run businesses. A second major point was the issue of family and environment. Some defended that “environment also determines the growth of the business” and “children can learn from parents”, while others affirmed that the “family role is minimal” when compared to formal education. Summing up there was an agreement that “special business education is very important”, with all parties admitting that a formal business education would probably improve the quality of businesses, but not agreeing on the manners of transfer of knowledge, diverging in opinion between family and formal education.

Likewise, the issue of education was very debated by the Researcher’s Focus Group without consensus. While some argued that formal education was determinant, others defended other forms of transmitting knowledge, for example affirming that “everyone knows that people from X tribe are good business people”.

As such, it is important to further deepen the issue in further research on empowerment. For that it is necessary to not only reflect on the impacts of education, but also a focus on what children may learn from parents and eventual differences amongst ethnic groups or social status or the families. Therefore, in future studies it is important to recognize that the impact of education may differ depending on the individual’s background.

4.2.3. Participation in Community

Within the survey, the index referring to the number of years living in Dar-Es-Salaam assumes that people that have been living the longest in a certain place probably have had more time to build social connections and possibly have done so. And there actually

seems to be a significant relation between how many years someone has been living in Dar-Es-Salaam and a change in stated profits ($t = 2.36$; $P > |t| = 0.018$). However, there is no relation with actual calculated profits and, as a matter of fact, this does not even present the highest average calculated profits (please refer to Appendix VIII). As such, it is valid to recognize that the number of years living in a given place does not represent more social connections in itself nor represents a form of power in itself.

Moving on to mobile phone use, there seems to be an overall tendency for both treatment groups for an average decrease of phone contacts and phone expenditure (in Tsh). However both treatment groups (business training – dtreat; business grant – bg) seem to have had a smaller average fall of phone contacts and, if we take into account the unequal decrease of phone expenditure, it seems to indicate that the business training group has maintained more of their phone contacts but have spent less money with them, which can represent a more use of the phone more related with business contacts. Even so, no concrete data points to the actual impact of the treatment in the phone use, as such this issue should be specifically addressed in further research.

Still, it is fair to admit that the treatment groups, namely the business training group, may have a greater use of mobile phone for business connections. In any case, regardless of the cause behind the use of the mobile phone, there seems to exist significant relations between number phone contacts/phone expenditure and some household outcomes. Regarding the change in business contacts there is a significant relation between people that most business contacts got in the last year have had higher stated profits ($t = 2.21$; $P > |t| = 0.027$). In spite the fact that this is not significant for calculated profits, it is still possible to see a similar tendency; actually it is possible to see that people that most increased phone contacts and expenditure have increased their profits averagely higher.

Focusing on average changes on calculated profits (chprofit), it is visible that both people that have increased their number of business contacts (more contacts) and have increased expenditure in their mobile phone (more costs) have presented twice as much profits, leveling around the 200000 Tsh of increase in yearly profits (Figure 24).

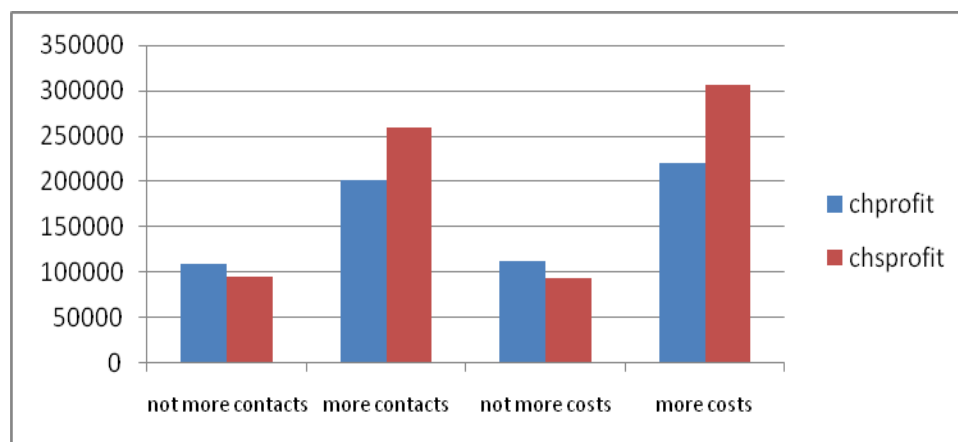


Figure 24 - Relation between Change in Phone Contacts and Expenditure and Change in Profits

Furthermore there is a significant relation between changes in mobile costs, and changes in expenditure of durables goods ($t = 1.96$; $P > |t| = 0.050$), and have increased their number of servants ($t = 2.69$; $P > |t| = 0.007$) (Figure 25), where people that have increased their number of contacts and expenditure (more contacts/more costs) have increased their number of house servants, while the ones that have not increased their number of contacts (not more contacts/not more costs) as actually decreased their number of house servants. Still, these simple correlations are not sufficient to demonstrate empirically the complex relations of social power and household outcomes, it simply serves to show that there are some indicators that seem to support the importance of social power.

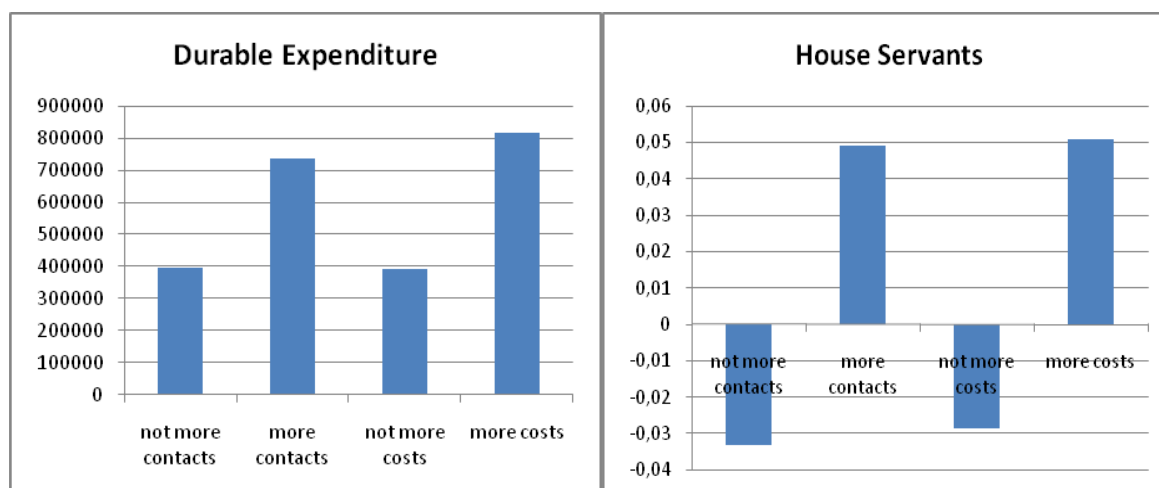


Figure 25 - Relation between Changes in Phone Contacts and Expenditure and Changes in Expenditure in Durable Items and House Servants

Moving on to the index referent to weekly discussions within the business group, there is a relation between the treatment groups and number of average weekly discussions with their business groups ($t = 2.30$; $P > |t| = 0.022$). Even if the average basically differs from average 4 to average 5 (Figure 26), it is interesting to detect that the persons that participated in the business training are more willing to discuss business practices within their group. As such, it is plausible to assert that business training had a positive effect in the number of business discussions per week.

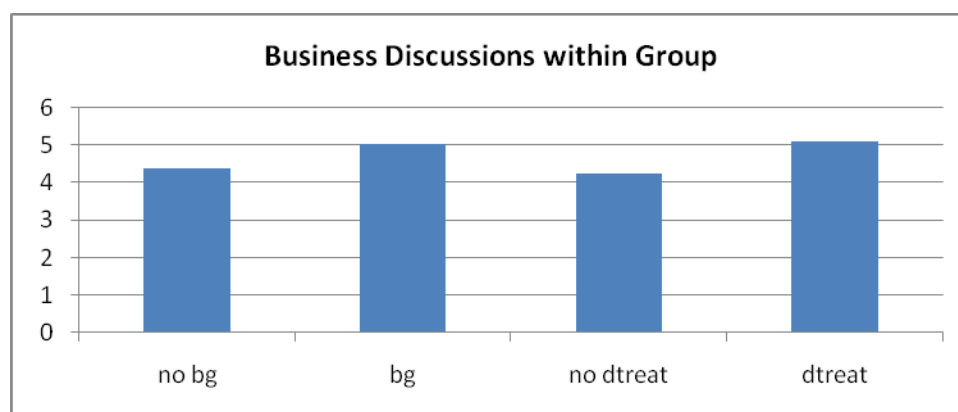


Figure 26 - Relation between Exogenous Variables and Weekly Business Discussions within Business Group

Furthermore, even if not statistically relevant, it is important to note that there seems to be a tendency for people with more discussions within the business group to actually present higher average calculated profits (chprofit). In figure 27 it is possible to see that people that meet their entire group (4 people) less than once a week (less than 1) register lower increase below 50000 Tsh., the ones with at least one weekly group discussion (1) seem to have an increase in profits closer to 100000 Tsh., and the ones that meet their group members more than once a week (more than 1) actually present a far higher increase in average profits, namely above 300000 Tsh..

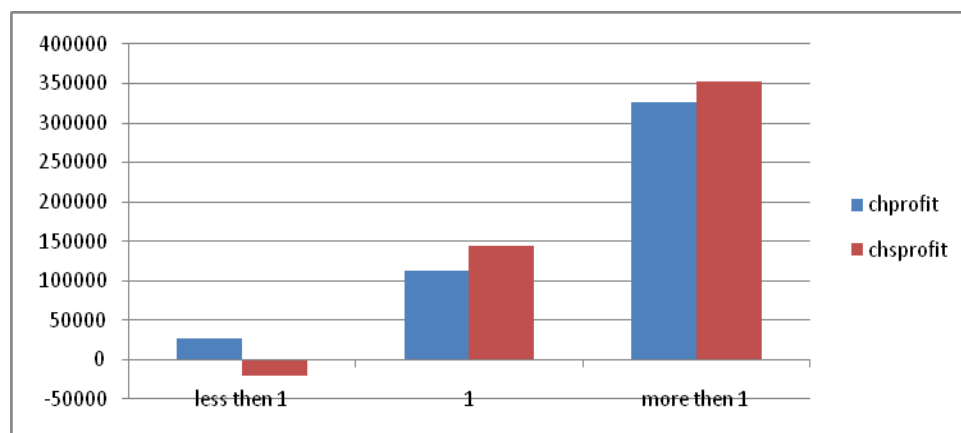


Figure 27 - Relation between Weekly Business Discussions within Business Group and Change in Profits

As stated in the methodology chapter, we administrated a directive interview with the aim of detecting possible issues that could have been interesting to analyze in future studies, as well as to clarify other commonly regarded empowerment indicators that seem not to be significant in the specific context of this study.

Regarding further participation in the community (table 5), overall it is possible to see the relative importance of it, being that 85.71%²⁰ answered to participate in such activities, while only 14.29% do not participate in any kind of activity. This may very well alert to the possible importance of social connections within community activities. However, it is important to clarify that religious activities may be a key environment for social connections in Dar-Es-Salaam; being that it is the only case where we can see an overall participation of 76.19%. Nevertheless, sports also seem to represent a fair share of participants (28.57%), while dance/music seem have little presence (9.52%) among the generality of the respondents. As such, it could be interesting to better understand the actual role on religious activities in the creation of social connections and on poverty alleviation in itself.

²⁰ The percentage has no statistic relevance since the sample is not representative. It simply serves to illustrate to relative importance that these given indicators may have in further research on the field. The same applies to all the following percentages referring to the directive interview.

Still, not a single respondent stated to organize or help in the organization of community activities, which can mean that participation in community activities may be important only to a certain extent. But, regardless of hypothetical reasons for why the inexistent organization role of the respondents within community activities, it is clear that this specific indicator would hardly see any treatment effect on the quantitative analysis.

Table 5 - Participation in Community Activities

Total No	30	38	10	42	6	42
% No	71.43	90.48	23.81	100.00	14.29	100.00
Total Yes	12	4	32	0	36	0
% Yes	28.57	9.52	76.19	0.00	85.71	0.00
	Sports	Dance/Music	Religion	Other	TOTAL	Organize

Still, given the overall participation levels, there seems to be some differences amongst this sample of microfinance entrepreneurs. In more detail, we can see that 61.90% only participate in one kind of activity, while 23.81% participate in 2 or 3 kinds of activity (table 6). If so, it could be interesting to see if the ones that are involved in more activities, and arguably with a broader range of social connections, would also present higher results in the studied outcomes on the quantitative analysis.

Table 6 - Number of Community Activities in Which Participates

	Total	%
No activities	6	14.29
1 activity	26	61.90
2 activities	8	19.05
3 activities	2	4.76

Furthermore, these signs that are pointed by the directive interview are very much supported by the information available through the Clients Focus Group. There, two major issues were focused: having friends and involvement in social groups, such as the church/mosque group or a sports club. In this issue there was an overall understanding that it is an important subject. Quoting parts of the discussion “The way that you relate yourself with friends and others also announces your business” and “good relations with others, you get good friends and new customers” help to understand the importance of

social networks. All seemed to have customers through their own local churches, with statements as: “because of my church membership I have more customers”, “the mosque I go to orders food from me when organizes activities”, “I am a member of the youth group of my church, and they order soda from me”, and even “I am not a Christian, but I have good relations with the church next to me, hence I have more customers”.

Also on the Researchers Focus Group, the group came to the conclusion that social relations did represent a very important and common characteristic on successful cases, being that microfinance entrepreneurs “rely on friends as regular customers” and “go to PRIDE office even not having a loan”. Moreover, there was even an example of a very successful client that was a gross importer and no longer needed the micro-credit loans, but was still a part of it in order to maintain business contacts: “she said, PRIDE it’s where I have my clients”.

As such, there is vast recognition of the importance of participation in social life by both focus groups, as well as several results in the directive interview that seem to indicate a relative higher importance to this dimension than initially expected.

4.3. Institutional Dimension

While the survey simply approaches the issues business licensing and registration, a more comprehensive approach of the institutional dimension, for this study, tries to grasp the levels of participation or relationship with formal institutions or state services and on the knowledge and execution of rights.

4.3.1. Participation on Institutions

The data extracted from the survey refers only to the acquisition of a business license and business registration. Even being simply a small part of what actually represents participation on the institutional dimension, it may still somewhat represent a tendency that partially reflects this dimension.

In fact there seems to be statistically significant relations between this index and household outcomes. People that have more got business registrations in the last year have spend more money in health costs ($t = 2.46$; $P > |t| = 0.014$) and profits, both calculated ($t = 3.19$; $P > |t| = 0.002$) and stated ($t = 3.35$; $P > |t| = 0.001$). Likewise regarding licensing in the last year, people seem to be healthier ($t = 2.16$; $P > |t| = 0.032$) and spending more money in health care ($t = 2.11$; $P > |t| = 0.035$), and also have higher calculated profits ($t = 3.76$; $P > |t| = 0.000$) and stated profits ($t = 4.08$; $P > |t| = 0.000$).

Regarding profit (Figure 28), the difference between the ones that have ceased their business licensing and registration and the ones that have started in the last year is clearly relevant, ascending to differences ascending up to 600 000 and 700 000 Tanzanian shillings per month.

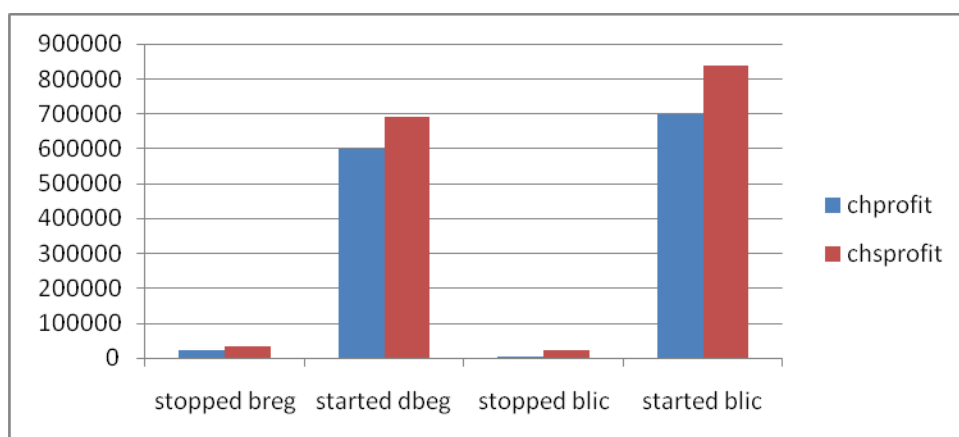


Figure 28 - Relation between Changes in Business License and Registration and Change in Profits

Furthermore and still regarding changes in licensing in the last year, there also seems to be a significant positive relation with changes in house servants ($t = 1.95$; $P > |t| = 0.051$) and remittances ($t = 2.34$; $P > |t| = 0.020$).

However, techniques of qualitative methodology seem to indicate that, in Tanzania, this issue of legal documentation seems to be less important. The access to legal documents did not present itself as a problem in the Clients Focus Group, being that the biggest advantage of legal documents is to “use them to get loans”. Perhaps related with the specificities of the Tanzanian institutions, licenses and registrations did not seem to be

major concern (just to draw a picture, it was inclusively stated that “even driving, without a license you can get a job as a driver”). Likewise, in the Researcher’s Focus Group these same issues received a classification of less common and only relatively important and were somewhat disregarded. The discussion pointed to negative examples, in which bureaucracy issues with public offices were a limitation for the success of businesses, such as “he did not get the permit... However he still has his business”. In sum, to understand the meaning of licenses and registrations one must also take into account the eventual specificities of the Tanzanian institutions, as well as overall social, cultural and political contexts. As stated before in this thesis, it is acknowledged the existence of an Opportunity Structure that influences the Agency of individuals (Alsop *et al.*, 2006); fact that seems to be extremely relevant in this issue and must be taken into consideration in future research to understand this perspective presented by the focus groups.

Referring to further forms of participation in institutions, within the directive interview it is clear that there actually are several differences among the sample (table 7) and that there are several signs of civic action and, perhaps, an empowerment process. More than half of the respondents (52.38%) are involved in several kinds of organizations, mostly in political organizations (28.57%) or non-governmental organizations (26.19%). With less representative impact it is possible to find participation in workers or trade unions (4.76%) or even other civil society organizations (2.38%).

Certainly that the actual role within each organization is not understood by these numbers alone, or that simply participating in an organization may not represent a natural increase on the given amount of power that one would possess. Still, one may consider possible influences of participation in organizations, namely unions, NGO’s and political parties. As such these results clearly represent a point in which it would be interesting to try to detect differences on household outcomes, amongst microfinance entrepreneurs.

Table 7 - Results of Participation in Organizations

Total No	40	30	31	41	20
% No	95.24	71.43	73.81	97.62	47.62
Total Yes	2	12	11	1	22
% Yes	4.76	28.57	26.19	2.38	52.38
	Union	NGO	Politics	Other	TOTAL

Continuing a comprehensive tackle of the subject, and taking reference on Clients Focus Groups, in the specific context of Dar-Es-Salaam it seems that belonging to organizations such as ROSCAs²¹ and PRIDE is an important issue. Stated to be the “capital of the business”, they go beyond their financial role and seem to be important for social connections, being that a part of the motivation to keep asking for loans was to maintain contact with many business partners within such organizations. All respondents seemed to have customers through their own local churches, with statements as: “because of my church membership I have more customers”, “the mosque I go to orders food from me when organizes activities”, “I am a member of the youth group of my church, and they order soda from me”, and even “I am not a Christian, but I have good relations with the church next to me, hence I have more customers”.

The involvement in community social life clearly sets the scenario for informal connections that may promote business, namely within their political parties: “I am a member of X Party and I get orders of soda and food from the Party” and “During local elections the Y Party prepares t-shirts. For that they order the shirts from its party members”. Microfinance institutions seem to offer an actual institutional setting, easy to identify in remarks such as “trust between individuals as been going down, so it is very important to join these institutions”, “meet with other members and share ideas”. For this the focus group refers not only to PRIDE, but also to other organizations (e.g. Roman Catholic

²¹ According to Armendáriz de Aghion and Morduch, ROSCAs tend to have simple structures. The basic element is a group of individuals who agree to regularly contribute money to a common pot that is allocated to one member in each period. As such, ROSCAs successfully take the bits of surplus funds that come into households and translate those bits into a large chunk that can be used to fund a major purchase (2005: 59).

Organization) that offer loans to start-up businesses (unlike PRIDE, that aims to the development of small businesses and to the augment of business efficiency and employment).

However, according to the Researchers Focus Group, being involved in formal institutions was not seen as significant, and actually dismissed it as being significant on the success of micro-entrepreneurs. These contradictory statements are somewhat strange and may result from the simple fact that the researchers did not actually take contact with this specific information, and therefore have not taken into account.

Passing on to the issue of voting (table 8) it is easy to observe that the entire sample is registered to vote (100%) and that the exercise of vote is also not far from it (97.62%). As such, it is fairly arguable to simply dismiss this indicator as a source to empirically analyze differences among microfinance entrepreneurs. This does not mean that exercising the right to vote does not represent a form of power, it simply means that being that there are no differences among the sample it is not possible to compare two different groups.

Table 8 - Results of Voting and Voting Registration

Total No	1	0
% No	2.38	0.00
Total Yes	41	42
% Yes	97.62	100.00
	Vote	Registered

Regarding the topic of complaints (table 9), there seems to be a reduced prevalence of such, still an already considerable group (19.05%) as presented complaints. In other words 8 out of 42 respondents have stated to have made a complaint to private businesses, business partners, public services or even their own microfinance institution - PRIDE Tanzania (Other 4.76%).

Once again, it would be interesting to understand if the respondents that seem to have a more active role on the defense of their rights would also present higher outcomes. Of course that the issue may be far more complex than this, for example many of those who

answered No (80.95%) may simply not have encountered a situation where a complaint was in order, or perhaps cultural issues may also rise and filling a complaint may be seen as less productive in solving a problem. Nevertheless, it could be interesting to further develop this topic and better understand if this arguable indicator of empowerment would be reflected on improvement of outcomes.

Table 9 - Results on Complaints

Total No	39	41	38	40	40	34
% No	92.86	97.62	90.48	95.24	95.24	80.95
Total Yes	3	1	4	2	2	8
% Yes	7.14	2.38	9.52	4.76	4.76	19.05
	Private	Partners	Hosp/School	Other Public	Other	TOTAL

Still, the Client's Focus group seemed to be comfortable with the task of complaining, if necessary, with remarks such as "if you are operating with the law, but someone disturbs you, you have to follow legal framework to get your rights" or "if you have the right premise but someone tells you to go, you have to complain".

In sum, it is possible to point out specific points that would be interesting to further analyze in both quantitative and qualitative methods: the role performed by community activities in the construction of social connections (and specially the role of religious groups); the meaning of the exercise of rights through complaints; and, perhaps most importantly, the influence of participation in organizations (unions, NGOs, political parties) in a process of empowerment and, consequently, poverty alleviation outcomes.

4.3.2. Knowledge on institutions

Certainly that four simple questions regarding knowledge on institutions is too little to actually understand the actual knowledge on institutions. Still, it can be interesting to know that respondents that knew better the locations of banking institutions in DSM have higher changes in stated profits ($t = 2.93$; $P > |t| = 0.004$) and higher remittances ($t = 2.57$; $P > |t| = 0.010$). However, the meaning of such relations have little implications, since only stated profits seem to be significantly related, unlike calculated profits; and remittances

are an absolute number, simply showing that people that know where more banks are located have higher contributions to friends and relatives.

This indicator can be deepened if we take reference in the focus groups. For the Clients the issue was much related with complying with the law and knowing your duties, “you will operate within a legal framework”, “operate in a right place” (meaning a placing your business in a place on the street that is not illegal) or “the law doesn’t follow you, you are the one to follow it and know the legal framework you work within”²².

It is possible that the instruments used failed to actually grasp some level of knowledge of own rights and possible relations with other variables or outcomes. However, the knowledge of rights may be decisively constricted by the Opportunity Structure and therefore there would be a gap between knowledge and ability to act. Furthermore the Researchers Focus Group actually mentioned that there was a clear line between knowing rights and executing them, referring that “many know their rights, but know it’s not worth to lose time because of the quality of institutions”. As such, it is fair to admit that by simply analyzing the agency of each individual this study fails to understand any relations between knowledge of rights, power and outcomes.

4.4. Economic Dimension

The economic dimension refers to access to credit, goods and private services, and also to entrepreneurship skills that refer to capabilities directly related with business practices. While the survey basically focuses on access to bank card, financial book keeping and an evaluative perspective offered by the researchers, the deepening with qualitative methodology offers a broader picture that focuses several points, inclusively some that were approached when discussion the indicator of leadership.

²² In a first look, it can seem that the discussion diverted from the intended point, however it is necessary to understand the specificity of institutions In Tanzania. If the mechanisms that have the responsibility to insure the rights of citizens work inefficiently or in a different manner from the (e.g.) Scandinavian Welfare State, it is normal that the concept of rights is grasped and understood differently.

4.4.1. Access to Credit and Private Goods and Services

First it is important to remember that the business grant did not show any statistically significant relation with any of the outcomes. Furthermore, it is also imperative to take into consideration that this study is performed in a microfinance institution, and therefore the problems of access to capital may be somewhat mitigated.

Still, while some people simply have access to microfinance institutions, some are involved in formal banking and actually even possess a bank card. And it seems that people with bank card have had more servants in 2009 ($t = 3.30$; $P > |t| = 0.001$) and more remittances ($t = 3.15$; $P > |t| = 0.002$). However these significant relations do not reflect change in the last year, it simply draws a possible long-term relation between access to bank card and having more servants and more contributions to relatives and friends.

There seems to be an average tendency where people that have started to have bank card this year actually have increased house ownership (chownhou) and the number of house servants (chserv), while the ones that have stopped having a bank card actually have decreased house ownership and house servants (Figure 29). Certainly that the lost of the bank card is arguably not the cause but the symptom of some sort of financial problem that can be much associated with the decreases. In either case, there seems to be a relation between these variables that should be taken into consideration.

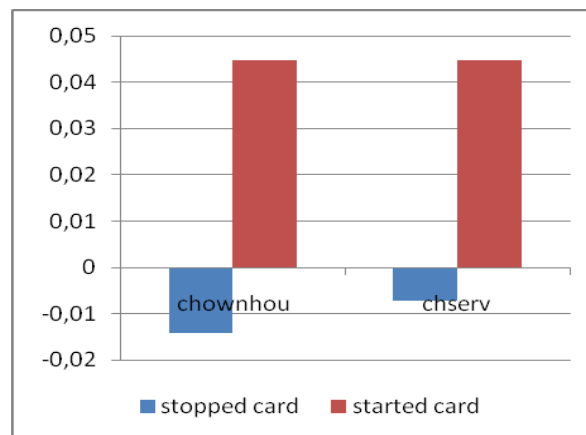


Figure 29 - Relation between Change Bank Card Ownership and Changes in House Ownership and Number of Servants

In a more in-depth approach, the participants of the client's focus group commonly agreed that the most important characteristic in a successful enterprise was the access to capital. Actually the point of access to credit was target of little discussion and the question was even motive for laughter, being clearly stated as the most important issue of all the presented, in the opinion of the focus group.

Passing on to access to private services, both issues of price negotiation and product quality seem to be very important. Having the capacity to access better products and getting lower prices is seen likewise amongst the focus group participants: "buying in quantity is very important because you can push down the buying price, so that you stand a good chance of selling at a good price", "the more you bargain, the more profit you get", "problem is that some products you just can't bargain, like soda" (price decided by manufacturer), and "chema chajiwza kibaya chajitembeza" (a popular saying that says "something good, sells by itself").

Furthermore the Researcher's Focus Group also agreed that access to private services and goods was important, where issues such as "owning their own property" or "good conservation condition of the premises" seem to be more common among successful cases. Also the issue of access to credit was consensually and seen as very important.

So it seems that the qualitative data points out too for the importance of this issue, with a large consistency amongst the perception of both focus groups. Certainly this does not mean that only access to money would be ideal for business development and improvement in living conditions, it simply indicates that it is a crucial aspect of it.

4.4.2. Entrepreneurship Skills

Regarding entrepreneurship skills, the Researcher's Focus Group pointed them as the most important characteristic, were there were constant remarks throughout the entire focus group such as "business skills", such as accounting skills, or "knowing their business".

However, the only statistically significant relations found in the survey refer to the fact that people that keep business records have more overall servants ($t = 2.59$; $P > |t| = 0.010$) and, for some unknown reason, the ones that started this year have been less healthy ($t = -2.34$; $P > |t| = 0.020$), even if the tendency of the results shows that they were able to pay for their health expenses (please refer to appendix IX).

Still, the remarks of the Client's Focus Group were very specific: "study the area. Should be good, should be able to know the buying and selling prices and what will be your profit", "recording keeping is among the most important things, because you know the direction of your money", and "separate between family and business. Don't mix money between them". And this is a fact that may very well reflect the relative importance of this indicator.

Additionally, we should take into consideration part of the discussion that took place during the issue of leadership but in fact reflected more entrepreneurial skills. A major point focused by the Client's Focus Group was not being afraid of trying new things. Most of all it's important to realize what does assuming risk mean in this specific context, a major risk perceived was regarding "must take loan for shopping (stock)" and apparently it's as important as market issues or product development. Overall, in the opinion of the clients focus group, "whether you solve problems or not" is very important in the success of your business.

Also considered very important was the point of creativity, much associated with the expansion or diversification of the business. It was stated that "will do better if open other surprising business" and that "will do better if you differ from others", being that concrete examples were given, such as a mama lishe (food vendor) that also started to sell vitenge (clothing fabric retail) and increased profits. This was one of the points where agreement was at a higher level, finalizing the discussion with the sentence "achawi katika biasiwa" (magic in business).

Similar results became available from the Researcher's Focus Group, where there was an overall agreement on the issue of risk aversion. As such, it is possible to see some parallel

perspectives from both focus groups, but a different focus on the different expressions, while the researchers focused more on the fact that the most successful entrepreneurs were less adverse to risk, the clients seemed more directed for the issue of creativity in the ability to find new solutions and identifying risk in the actual loan and not so much on the business practices.

Passing on to the interviewers perspective in the survey, it aimed to take an overall subjective evaluation of the characteristics of the client and see it as something that could somewhat reflect their actual capacity as entrepreneurs. However the only significant relation points to the cases in which the interviewers saw an improvement of business and entrepreneurial activity there has also been an increase in servants ($t = 8.31$; $P > |t| = 0.000$), and this relation alone show little meaning for the results of this study.

However, once again the Client's Focus Group proved to be quite more useful on retrieving data from the overall importance of entrepreneurship skills, being that there was some discussion regarding the importance of knowing the market: "Chinese have taken a large share of the market because they invest on that. They know what to sell and where", "before starting your business you should learn who are your customers" and even the specific reference "you should not sell beer around a primary school". Furthermore, there were references to the importance of customer care, being that it was stated that "good language is important", "it will attract your customer and he will bring others" and it was even made the following comparison: "If you want to win a girl, you should praise her first".

In sum, the focus groups point out the great importance of the entrepreneurship skills in spite of the relative lack of relations in the survey that would support a relation with household outcomes.

5. Conclusions

The processes related with empowerment are complex and hardly visible in a short period of time; as such there are no results that clearly demonstrate the exact importance of each of the dimensions of empowerment. In order to overcome the challenge of measurability, it would have been useful to develop a specific instrument that would be applied in more than one moment. However, the thesis research has to comply with its circumstantial limitations and it important to focus on the optimization of the existing resources and data.

When trying to correspond to the specific hypothesis of research and understand the actual impact of each of the dimensions of empowerment (social, institutional and economic) the survey somewhat fails to successfully answer much of the initial questions²³, being that it's contribution was insufficient to grasp some empowerment indicators. As such, none of the hypothesis can be accepted.

Still, there is evidence in the survey to support partially some of the hypothesis, namely the arguments that defend credit as representing a form of economic empowerment in itself, and an interesting group of relations associated with social and institutional empowerment, namely:

- The relations between access to bank card and higher household outcomes, with a higher number of servants and remittances;
- The findings of Bjorvatn and associates (2010) which already seem to point out to the impacts of human capital intervention (business training);
- The relations found between prior education and certain household outcomes, namely servants and remittances;

²³ It is important to remember that the survey was not devised specifically to measure empowerment. It simply collected valuable data that could also be used for this subject.

- Business licenses and registrations that seem to have strong relations with several outcomes, including profits, servants and remittances;
- Mobile phone use seems also to be related with outcomes, namely stated profits, as well as expenditure in durable goods and servants;
- And weekly business discussions seem to show a big tendency in relation with profits, but with no significant statistical correlation.

In short, in spite of little statistically significant relations, there are signs that may point to an actual framework of power relations underlying the agency of microfinance entrepreneurs in Dar-Es-Salaam.

The major contribution of this study relies on a more comprehensive approach that took root in qualitative techniques, namely the focus groups and directive interviews, which achieves the goal of identifying further issues that should be taken in consideration in future research, specially the role of social groups and connections.

The bottom-up approach based on the findings of the focus groups as allowed a more thorough analysis of the actual power mechanisms amongst microfinance entrepreneurs of Dar-Es-Salaam, by detecting the underlying relations between social and economic power, as well as the existence of a specific institutional framework that seems to influence and constrain the agency of individuals.

With the model of individual empowerment of this study it is not possible to understand the actual meaning of issues such as filling complaints or voting, since it does not approach the study of the opportunity structure. One can certainly speculate on the quality of the institutions or local levels of corruption²⁴; however the intricate sets of relations with the capacity of agency are far from being understood.

²⁴ In 2009, Transparency International ranked Tanzania in 126th place on corruption, out of 180 countries, scoring 2.6 in the Corruption Perceptions Index (CPI). See http://www.transparency.org/policy_research/surveys_indices/cpi/2009/cpi_2009_table

Regardless of which, it is safe to admit that role of civil society organizations, such as the microfinance institution itself, grow on importance by assuming an increasingly higher responsibility. This is very much visible in the mission statement of PRIDE Tanzania, in which the focus falls not only on financial services, but also on providing an "information services network" (PRIDE Tanzania website).

Therefore it would be interesting to develop the study on the role performed by community participation in the construction of social connections in the specific context of Tanzania, namely within religious groups, self-help groups and microfinance institutions. Much of the evidence shows special importance in this subject, with relevant information regarding the importance of the church to obtain more customers or the use of the microfinance institution to maintain business contacts. This clearly reflects the influence of social capital and the importance of informal social networks defended by Janssens (2010: 974).

Another key issue of debate, within the focus groups, was the relative impact of human capital intervention programs, being that some defended formal education as determinant, while others defended other mechanisms of transmission of knowledge such as family or ethnic group. Being so, future research should take into consideration the background and the social and economic specificities of each individual in order to better understand the impact that education may actually represent. As early stated in this thesis, each context is specific and one must not expect to find the exact same impact in different populations. What perhaps is true in Bangladesh or Latin America, may not be true in urban Sub-Saharan Africa or, more specifically, Dar-Es-Salaam.

Regardless of the findings that support education and social connections as key factors, it is also possible to observe that the economic dimension of power is still to be considered has a crucial aspect of empowerment. Not simply through the access to capital, but also through the access to private services and goods, such as property, as well as through individual entrepreneurship skills, such as market knowledge, customer care, low risk aversion, problem solving and creativity.

In sum, there seems to be indication of existence of relations between different forms of power and an actual improvement of living conditions of the microfinance entrepreneurs, not only based in the access to financial capital or formation of human capital, but also largely based on social capital. However, in further research on the topic it would be wise to also focus on the opportunity structure, namely to better understand the several specificities of this institutional context, in urban Sub-Saharan African.

Hopefully, the results and limitations of this study can serve as a platform for further development in interdisciplinary studies on the topic of empowerment, namely between sociology and economics.

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7. Appendixes

I – Questions from Survey (indicators)

II – Questions from Survey (outcomes)

III- Construction of variables

IV – Directive Interviews

V – Directive Interviews - Results

VI – Focus groups field notes (sum-up Clients)

VII - Focus groups field notes (sum-up Researchers)

VIII – Survey Results (averages)

IX – Results - relations between exogenous variables and outcomes

I – Questions from Survey (indicators and questions)

In this section it is presented the actual questions used in the survey, both the baseline survey (Q1) and the follow-up survey (Q2). Associated with which question it is stated the indicators/indexes it corresponds too.

Leadership

Q2

1.4.8 Are you chairman (1) or secretary (2) of your EG?

1.4.9 Are you chairman (1)/ secretary (2)/ treasurer (3) of your MEC?

5.2 Self esteem as business person

A: I would rather not be a business person. I would change it for paid employment outside business (with similar pay)	B: I am proud to be a business person. I would not change it for paid employment outside business (with similar pay)
5.2.1 Which statement do you agree most with? (A/B)	
5.2.2 How strongly do you agree with that statement? Your answer should be on a scale from 1 to 5, where 5 means Very strongly and 1 means Only a little	

Education

Q1

Education: Years at school (To interviewer: Ask about primary school, secondary school, etc, and whether completed or not, and find the number of years at school)	
1.7 Client	

Social connections - Time of residence in DSM

Q1

1.12 Were you born in Dar es Salaam? (Y/N)

1.14 If No on 1.12, how many years have you lived in Dar es Salaam?

Social connections – Phone business contacts

Q1+Q2

4.23 How many business contacts do you have on this phone's address list?

4.24 How much do you spend on phone calls and SMS during a normal week?

4.25 What do you use your mobile phone for? Only personal (1); mainly personal (2); mainly business (3); only business (4).

Social connections – Average business discussions within group

Q2

5.1 ... And: How frequently have you discussed business / exchanged ideas about business practices with this person during the last year? How many times during a normal week do you discuss business / exchange business ideas?

Knowing rights - Knowledge of institutions

Q1

4.4 Have you heard about MKUKUTA? (Y/N)

(If 'No', proceed to question 4.6, if 'Yes', go to 4.5)

4.5 Which of the following do you think MKUKUTA deals with?

(pick only one number)

1. Increasing job creation and economic growth
2. Improving social services and people's welfare
3. Improving transparency and accountability in central and local government
4. All of the above
5. Don't know, no response

4.6 List the names of the banks that you are aware of that operate in Dar es Salaam
(To interviewer: Write down the number of correct answers)

4.7 Which government office issues business licenses (nguvukazi) to small scale businesses in Dar es Salaam?

1. Ward office
2. Municipal council
3. Ministry of Trade, Industry and Cooperative
4. PRIDE

Participation in formal institutions – Government registration and license

Q1+Q2

2.3 Are any of your businesses registered with a government agency?

2.4 Are any of your businesses licensed by a government agency?

Access to credit – Formal banking (possession of bank card)

Q2

4.19 Do you have a bank card? (Y/N)

4.20 If Yes on 4.19: When did you get this card? Month and year. (Interviewer should calculate the number of months the client has had this card)

Entrepreneurial skills – Interview evaluation

Q2

The Tanzanian interviewer should give his/her subjective opinion about the following (on a scale from 1 to 10, where 1 means very poor and 10 means very good)

8.1 Client's service mindedness

8.2 Client's personal potential as entrepreneur

8.3 Attractiveness of business premise (from point of view of customer)

Entrepreneurial skills – Keeping business records (Business practices)

Q1

3.12 Do you keep business records? (Y/N)

Q2

2.1 Do you keep business records?

II – Questions from Survey (outcomes)

Question from baseline survey: Q1

Question from follow-up survey: Q2

EVALUATED THROUGH TIME

Acquisition of additional household appliances (TV, furniture, radio, bicycle)

During the last year, have you bought a TV? (Y/N)

Q1 – 6.1.; Q2 – 7.1

During the last year, have you bought home furniture? (Y/N)

Q1 – 6.2.; Q2 – 7.2

During the last year, have you bought a radio? (Y/N)

Q1-6.3; Q2-7.3

During the last year, have you bought a bicycle? (Y/N)

Q1-6.4; Q2-7.4

Acquisition of additional household appliances (money spent)

In total, approximately how much have you spent last year on investments for your home? (Tsh)

Q1-6.5; Q2- 7.5

House ownership

Do you own the house in which you live? (Y/N)

Q1- 6.6; Q2- 7.6

Nutrition (meat)

In a normal week, how many times do you and your family have a meal containing meat?

Q1- 6.8; Q2-7.8

Children in school (private school)

If you have children at school age, do any of them go to private school? (Y/N)

Q1-6.9; Q2-7.18 (private)

Servants employed

How many servants do you employ in your house?

Q1-6.10; Q7.9

Medical services (private, public, traditional)

During the last year, have you or someone in your family sought care for an illness from a public hospital (1), a private hospital (2), a traditional healer (3), other facilities (4)? If No, then (5)

How much did you spend?

Q1- 6.12; Q2- 7.20

Monthly income

Not simply one question. Calculation of profits, based on a vast group of other questions on specific expenses and income sources are accounted. (Entire group 3 of questionnaire)

ONLY IN FOLLOW-UP SURVEY (Q2)

Weekly share of food spending on household income

7.15 How large a share of the household's total income during a normal week is spent on food?

(take into account. Dividing by 1.6)

1.6 How many people live in your house?

Contributions to relatives - Remittances

7.16 How much do you contribute to relatives and friends in a normal month?

Children in school (private, public, after-school tutoring)

7.18 We would like to know about their school status:

	Number of children	Public	Private	After-school tutoring

Appendix III – Construction of Variables

By using STATA, several dummies are commonly created to represent a given variable (e.g. dtreat) and formulas are also represented by commands, in this case the command for regression is reg.

There were several attempts of possible correlations between variables, but in this section it is chosen to clarify the relevant relations that were found. Even so it is important to know that three kinds of correlations were analyzed, namely:

- Between the exogenous variables (business training – dtreat; and business grant – bg) and the household outcomes (e.g. change in calculated profit – chprofit);
- Between the exogenous variables (business training – dtreat; and business grant – bg) and other empowerment indicators (e.g. change in bank card – chbcard);
- Between empowerment indicators (e.g. change in bank card – chbcard) and the household outcomes (e.g. change in calculated profit – chprofit).

So, the list of household outcomes the variables is:

- chall – Change between 2008 and 2009 of the acquisition of durable items, namely television, radio, bicycle and furniture;
- chdur - Change between 2008 and 2009 of the expenses on durable items, namely television, radio, bicycle and furniture;
- chownhou - Change between 2008 and 2009 of house ownership;
- chmeat – Change between 2008 and 2009 of meat consumption;
- chsch - Change between 2008 and 2009 of number of children in private schools;
- chserv - Change between 2008 and 2009 of the number of house servants;
- chhealthy - Change between 2008 and 2009 of the number of health problems;
- chhealthcost - Change between 2008 and 2009 of the expenses on health;
- chprofit - Change between 2008 and 2009 of the calculated individual profit;
- chsprofit - Change between 2008 and 2009 of the stated individual profit;
- food09 – Food expenditure per household member in the year of 2009;
- remit09 – Remittances in the year of 2009.

Regarding the empowerment indicators:

- lead09 – Occupation of positions of leadership within PRIDE Tanzania in 2009;

- educ – Number of school years;
- n114ydon11 – Number of years living in Dar-Es-Salaam;
- chbcont - Change between 2008 and 2009 of the number of business contacts in the mobile phone;
- chmobcost - Change between 2008 and 2009 of the expenses with the mobile phone use
- n44muhavey; n45muwhich; n46banclis; n47offwhic – Knowledge on institutions, namely Mkukuta program, banks operating in Dar-Es-Salaam and Office that issues the Nguvu Kazi licenses;
- chdbreg - Change between 2008 and 2009 of the business registration;
- chdlic - Change between 2008 and 2009 of the business license;
- bcard09 – Absolute number of people with bank card;
- chbcard - Change between 2008 and 2009 of the acquisition of a bank card;
- rec09 – Absolute number of people keeping business records;
- chrec - Change between 2008 and 2009 of the practice of written business records;
- disc09 – Number of weekly business discussions with PRIDE group members;
- cheval - Change between 2008 and 2009 of the evaluation of the interviewers of the business premise, the entrepreneurs' service and the potential of the business.

Appendix IV – Directive Interview

DO YOU <u>PARTICIPATE</u> IN COMMUNITY ACTIVITIES?	
Sports	
Dancing/ Music	
Religious rituals	
Other. Which?	
DO YOU <u>ORGANIZE</u> THESE ACTIVITIES?	
Which?	
ARE YOU ACTIVELY INVOLVED IN ANY ORGANIZATION?	
Trade union/labor union	
Local development organization	
Politics	
Other: Which?	
DO YOU VOTE?	y/N
IF NOT, ARE REGISTERED TO VOTE?	Y/N
HAVE YOU MADE ANY COMPLAINTS TO PRIVATE BUSINESSES OR PUBLIC SERVICES	Which? /N
Private services (ex. Restaurant)	
Business partners (ex. Suppliers)	
Public Services (e.g. Tax office, hospital, school)	
Other. Which?	

Appendix V – Directive Interviews (Results)

Number	Sports	Dance/Music	Religion	Other	Organize
113017	N	N	N	N	N
213004	N	Y	Y	N	N
094210	N	N	Y	N	N
No data	Y	N	Y	N	N
313036	Y	N	N	N	N
209102	Y	N	N	N	N
No data	Y	N	Y	N	N
110013	N	N	N	N	N
109051	N	N	N	N	N
313077	N	N	Y	N	N
112030	N	N	Y	N	N
113070	N	N	Y	N	N
309056	N	N	Y	N	N
409049	N	N	Y	N	N
110085	N	N	Y	N	N
No data	N	N	Y	N	N
313033	N	N	Y	N	N
No data	N	N	Y	N	N
No data	Y	Y	Y	N	N
No data	Y	N	Y	N	N
112093	N	N	N	N	N
313046	N	N	Y	N	N
112007	N	N	Y	N	N
110020	Y	N	Y	N	N
112113	N	N	N	N	N
	Y	N	Y	N	N
113144	N	N	Y	N	N
113069	N	N	Y	N	N
113057	N	N	Y	N	N
112091	N	N	Y	N	N
409072	Y	N	N	N	N
	N	Y	Y	N	N
309004	Y	N	N	N	N
110071	N	N	N	N	N
410007	N	N	Y	N	N
112006	Y	Y	Y	N	N
no data	N	N	Y	N	N
no data	N	N	Y	N	N
210024	Y	N	Y	N	N

Empowerment for Poverty Alleviation – Appendix V

210022	N	N	Y	N	N
112056	N	N	Y	N	N
210050	N	N	Y	N	N
Total N	30	38	10	42	42
% N	71.43	90.48	23.81	100.00	100.00
Total Y	12	4	32	0	0
% Y	28.57	9.52	76.19	0.00	0.00

Number	Union	NGO	Politics	Other	Vote	Registered
113017	N	N	N	N	Y	Y
213004	N	N	N	N	Y	Y
094210	N	N	N	N	Y	Y
No data	N	Y	N	N	Y	Y
313036	N	N	N	N	Y	Y
209102	N	N	N	N	Y	Y
No data	N	N	N	N	N	Y
110013	N	N	N	N	Y	Y
109051	N	N	N	N	Y	Y
313077	N	N	N	N	Y	Y
112030	N	N	N	N	Y	Y
113070	N	N	N	N	Y	Y
309056	N	N	N	N	Y	Y
409049	N	N	N	N	Y	Y
110085	N	N	N	N	Y	Y
No data	N	N	N	N	Y	Y
313033	N	N	N	N	Y	Y
No data	N	N	N	N	Y	Y
No data	Y	N	N	N	Y	Y
No data	Y	N	N	N	Y	Y
112093	N	Y	N	N	Y	Y
313046	N	Y	N	N	Y	Y
112007	N	Y	N	N	Y	Y
110020	N	Y	N	N	Y	Y
112113	N	Y	Y	Y	Y	Y
	N	N	Y	N	Y	Y
113144	N	N	N	N	Y	Y

Empowerment for Poverty Alleviation – Appendix V

Number	Union	NGO	Politics	Other	Vote	Registered
113069	N	Y	Y	N	Y	Y
113057	N	N	Y	N	Y	Y
112091	N	N	Y	N	Y	Y
409072	N	N	Y	N	Y	Y
	N	N	Y	N	Y	Y
309004	N	N	Y	N	Y	Y
110071	N	N	Y	N	Y	Y
410007	N	N	Y	N	Y	Y
112006	N	Y	N	N	Y	Y
no data	N	Y	N	N	Y	Y
no data	N	Y	N	N	Y	Y
210024	N	N	N	N	Y	Y
210022	N	Y	Y	N	Y	Y
112056	N	Y	N	N	Y	Y
210050	N	N	N	N	Y	Y
Total N	40	30	31	41	1	0
% N	95.24	71.43	73.81	97.62	2.38	0.00
Total Y	2	12	11	1	41	42
% Y	4.76	28.57	26.19	2.38	97.62	100.00

Number	Private	Partners	Hosp/School	Other Public	Other	
113017	N	N	Y	N	N	
213004	N	N	N	N	N	
094210	N	N	N	N	N	
No data	N	N	N	N	N	
313036	N	N	N	N	N	
209102	N	N	N	N	N	
No data	N	N	N	N	N	
110013	N	N	N	N	N	
109051	N	Y	N	N	N	
313077	N	N	N	N	N	
112030	N	N	N	N	N	
113070	N	N	N	N	N	
309056	N	N	N	N	N	
409049	N	N	N	N	N	
110085	N	N	N	N	N	
No data	N	N	N	N	N	
313033	N	N	N	N	N	

Empowerment for Poverty Alleviation – Appendix V

Number	Private	Partners	Hosp/School	Other Public	Other	
No data	N	N	N	N	N	
No data	Y	N	Y	Y	N	
No data	Y	N	Y	N	N	
112093	N	N	N	N	N	
313046	N	N	N	N	N	
112007	N	N	N	N	N	
110020	N	N	N	N	N	
112113	N	N	N	N	N	
	Y	N	N	Y	N	
113144	N	N	N	N	N	
113069	N	N	N	N	Y	pride
113057	N	N	N	N	N	
112091	N	N	N	N	N	
409072	N	N	N	N	N	
	N	N	N	N	N	
309004	N	N	N	N	Y	pride
110071	N	N	Y	N	N	
410007	N	N	N	N	N	
112006	N	N	N	N	N	
no data	N	N	N	N	N	
no data	N	N	N	N	N	
210024	N	N	N	N	N	
210022	N	N	N	N	N	
112056	N	N	N	N	N	
210050	N	N	N	N	N	
Total N	39	41	38	40	40	
% N	92.86	97.62	90.48	95.24	95.24	
Total Y	3	1	4	2	2	
% Y	7.14	2.38	9.52	4.76	4.76	

VI – Focus groups field notes (sum-up Clients)

Group: 5 clients randomly selected of the Buguruni branch of PRIDE Tanzania, they all have micro-loans and currently successfully manage a micro or small enterprise. There were people of both genders and with ages between 28 and 39.

Their participation was voluntary and with no prior reference to any kind of reward for participation.

Time and place: 01-09-2009, between 10:50 and 12:05; Buguruni branch of PRIDE Tanzania, Dar-Es-Salaam. We had a private room to conduct the interviews, so it was easy to create an adequate environment for a focus group.

Given that it was Ramadan and some of the clients are Muslims, we decided not to offer any drink or food during the focus group. Instead we offered 2000 Tanzanian shillings at the end of the session, explaining that we were doing so because we would normally offer drinks or food (we did not give any prior notice of such an offer).

Short description: The focus group was conducted in Swahili language, by a Tanzanian moderator, with prior experience in research and moderation, and counted with my personal assistance and supervision. It consisted in 2 main moments:

- 1) In the first moment the issues were approached in an open answer system, followed up by an open debate moderated by a mediator. This moment also served to “warm-up” the group for the second moment.
- 2) The second moment consisted on the presentation of specific factors and the debate regarding their importance and role. It was a more directed conduction of the issues, specifying the indicators of the model.

1 – Open focus group

An open question was made, and the answers were given out-loud. The focus group participants were asked to justify their choices and to comment on the answers of others,

originating a collective debate. The goal was to find 3 characteristics that the group would define as being the most important.

The mediators did not give their own opinions and mostly intervened to ensure that all participated actively in the discussion, to identify points of agreement or disagreement or to further focus on a given point that could benefit from further discussion.

The question formulated was:

Given your experience as a micro-entrepreneur, in your opinion, what 3 characteristics do you identify as being more important in a successful enterprise?

The group answers were:

- a) Access to capital - There was an overall agreement regarding the access to capital, being that all saw it as the most essential thing;
- b) Premise of business - Regarding the premise of business, it is seen in a comprehensive sense. It refers to the geographical location (in a main road or secondary road; near a church/hospital/station; ...) but also its spatial quality (cleanness, organization, overall appearance, ...);
- c) Business education – referring not specifically of formal education, but to having specific knowledge for business managing (it can also be transmitted through e.g. family business).

At the end of the interview, the focus group was asked to revise their initial answers and alter them if found fit. All maintained their initial choices.

2 – Semi-directed focus group

In a second moment, the focus group was asked to give their opinion regarding each of the points (indicators) in the success of micro-entrepreneurs. We further divided some of the indicators into points, in order to more thoroughly discuss each of the issues.

The points were:

Leadership capacity

- 1.1. not being afraid of trying new things;
- 1.2. being creative;
- 1.3. knowing how to manage people;

Education

- 2.1 level of formal education;

Participation in Community/Social links

- 3.1. having friends;
- 3.2. involvement in social groups (e.g. sport, church);

Access to state services

- 4.1. getting legal permits and licenses;

Know rights

- 5.1. Knowing your own rights;
- 5.2. Making complaints if necessary;

Participation in Institutions

- 6.1. involvement in institutions (PRIDE, union, political party);

Access to private services

- 7.1. negotiate good prices;
- 7.2. getting good products;

Access to credit

8.1. access to credit;

Entrepreneurial and business skills

9.1. accounting skills;

9.2. knowing the market.

The questions were:

Would say that (point x.x.) is (little important, important or very important) for the success of your business?

Each point was discussed in group and a final answer had to be agreed amongst the participants, the role of the mediator was majorly to ensure the participation of all and to clarify the concepts/characteristics being discussed.

The debate went as follows:

Within Leadership Capacity, the first point focused was not being afraid of trying new things. Most of all it's important to realize what does assuming risk mean, a major risk perceived was regarding "must take loan for shopping (stock)" and apparently it's as important as market issues or product development. Overall, in the opinion of the micro-entrepreneurs focus group, "whether you solve problems or not" is very important in the success of your business.

Also considered very important was the point of creativity, within the focus group much associated with the expansion or diversification of the business. It was stated that "will do better if open other surprising business" and that "will do better if you differ from others", being that concrete examples were given, such as a mama lishe (food vendor) that also started to sell vitenge (clothing fabric retail) and increased profits. This was one of the points where agreement was at a higher level, finalizing the discussion with the sentence "achawi katika biasiwa" (magic in business).

Regarding the ability to manage people, although not as significant as the former two points of this indicator it was still regarded as important, mostly referring to the issue of “supervision” and “control them how to do business”. It is important to refer that this final point reveals that employees were seen as someone that should be supervised, in opposition to motivation management mechanisms or other approaches to people management.

The factor of education was largely discussed, being that several points of view were stated. While some argued that “formal education is important”, others stated that “formal education is not enough” and that “most PRIDE members don’t have good business education” however they manage to run businesses.

Another point of disagreement was the issues of family and environment. Some defended that “environment also determines the growth of the business” and “children can learn from parents”, while others affirmed that the “family role is minimal”.

Summing up there was an agreement that “special business education is very important”, not agreeing so much on the manners of transfer of knowledge, but all parties admitting that a formal business education would probably improve the quality of businesses and enhance profits.

Referring to the indicator of participation, two issues were focused: having friends and involvement in social groups, such as the church/mosque group or a sports club. In this issue there was an overall understanding that it is an important subject. Quoting parts of the discussion “The way that you relate yourself with friends and others also announces your business” and “good relations with others, you get good friends and new customers” help to understand the importance of informal networks. Furthermore, belonging to organizations such as ROSCAs²⁵ and PRIDE, were stated to be the “capital of the business”,

²⁵ According to Armendáriz de Aghion and Morduch, ROSCAs tend to have simple structures. The basic element is a group of individuals who agree to regularly contribute money to common pot that is allocated to one member of the group each period. As such, ROSCAs successfully take the bits

being that a part of the motivation to keep asking for loan, was to maintain contact with many business partners. Still under the thematic of social participation, sports do not seem to have such a big impact, even so someone stated that by being “a member, other members will buy from you”; while church clearly seems to be an important issue. All seemed to have customers through their own local churches, with statements as: “because of my church membership I have more customers”, “the mosque I go to orders food from me when organizes activities”, “I am a member of the youth group of my church, and they order soda from me”, and even “I am not a Christian, but I have good relations with the church next to me, hence I have more customers”.

Furthermore, there were references to the importance of customer care, being that it was stated that “good language is important”, “it will attract your customer and he will bring others” and it was even made the following comparison: “If you want to win a girl, you should praise her first”.

Passing on to the indicator of knowing rights, it is safe to admit that it was given less importance than other issues. The issue of knowing rights was much related with complying with the law and knowing your duties, “you will operate within a legal framework”, “operate in a right place” (meaning a placing your business in a place on the street that is not illegal) or “the law doesn’t follow you, you are the one to follow it and know the legal framework you work within. Even if the group seemed to be comfortable with the task of complaining if necessary, with remarks such as “if you are operating with the law, but someone disturbs you, you have to follow legal framework to get your rights” or “if you have the right premise but someone tells you to go, you have to complain”.

In a first look, it can seem that the discussion diverted from the intended point, however it is necessary to understand the specificity of institutions In Tanzania. If the mechanisms that have the responsibility to insure the rights of citizens work improperly or in a

of surplus funds that come into households and translate those bits into a large chunk that can be used to fund a major purchase (2005: 59).

different manner from the (e.g.) Scandinavian one, it is normal that the concept of knowing rights is grasped and understood differently.

Also someone related with this last indicator, the indicator of access to state services seems to be of little importance. The issue of legal documents does not present itself as an issue, being that the biggest advantage of legal documents is to “use them to get loans”. This is the one issue with less importance and once again, perhaps related with the specificities of the Tanzanian institutions, just to draw a picture, it was inclusively stated that “even driving, without a license you can get a job as a driver”.

Passing on to the involvement in institutions, there is an agreement regarding its importance. In one hand, much like the involvement in the community social life, it clearly sets the place for informal connections that promote business, namely within their political parties: “I am a member of X and I get orders of soda and food from the party” and “During local elections the Y party prepares t-shirts. For that they order the shirts from its party members”. On the other hand, micro finance institutions seem to offer an actual institutional setting, easy to identify in remarks such as “trust between individuals as been going down, so it is very important to join these institutions”, “meet with other members and share ideas”. For this the focus group refers not only to PRIDE, but also to other organizations (e.g. Roman Catholic) that offer loans to start-up businesses (unlike PRIDE, that aims to the development of small businesses and to the augment of business efficiency and employment).

Regarding the access to private services, either the issues of price negotiation or product quality, it seems to be very important. Having the capacity to access better products and getting lower prices is seen likewise amongst the group members: “buying in quantity is very important because you can push down the buying price, so that you stand a good chance of selling at a good price”, “the more you bargain, the more profit you get”, “problem is that some products you just can’t bargain, like soda” (price decided by manufacturer), and “chema chajiwza kibaya chajitembeza”, a popular saying that says “something good, sells by itself”.

The point of access to credit was target of little discussion and the question was even motive for laughter, being clearly stated as the most important issue of all the presented, in the opinion of the focus group.

Finalizing with the last indicator, it is important to reflect upon the entrepreneurial skills ramifications, namely in the way it intertwines with other indicators, such as education or participation in community. Given it's broadness it was safe to admit that the group agreed upon it being very important.

Regarding the issue of accounting skills, the remarks were very specific, factor that reflects the much importance of the issue: "study the area. Should be good, should be able to know the buying and selling prices and what will be your profit", "recoding keeping is among the most important things, because you know the direction of your money", and "separate between family and business. Don't mix money between them". Furthermore, the same applies to the issue of knowing the market: "Chinese have taken a large share of the market because they invest on that. They know what to sell and where", "before starting your business you should learn who are your customers" and even the specific reference "you should not sell beer around a primary school".

INDICATORS	Quotes	Group Answer
Leadership capacity	<p>"must take loan for shopping (stock)"</p> <p>"whether you solve problems or not"</p> <p>"will do better if open other surprising business"</p> <p>"will do better if you differ from others",</p> <p>mama lishe (food vendor) that also started to sell vitenge (clothing fabric retail) and increased profits.</p> <p>"achawi katika biasiwa" (magic in business).</p> <p>"supervision"</p> <p>"control them how to do business".</p>	Very important
Level of formal education	<p>"formal education is important"</p> <p>"formal education is not enough"</p>	Important

	<p>“most PRIDE members don’t have good business education” however they manage to run businesses.</p> <p>“environment also determines the growth of the business”</p> <p>“children can learn from parents”,</p> <p>“family role is minimal”.</p> <p>“special business education is very important”,</p>	
Participation in Community life, Social links	<p>“The way that you relate yourself with friends and others also announces your business” “good relations with others, you get good friends and new customers”</p> <p>ROSCAS and PRIDE, were stated to be the “capital of the business”,</p> <p>“a member, other members will buy from you”; “because of my church membership I have more customers”,</p> <p>“the mosque I go to orders food from me when organizes activities”,</p> <p>“I am a member of the youth group of my church, and they order soda from me</p> <p>“I am not a Christian, but I have good relations with the church next to me, hence I have more customers”.</p> <p>“good language is important”, “it will attract your customer and he will bring others”</p> <p>“If you want to win a girl, you should praise her first”.</p>	Important
Access to state services	<p>legal documents is to “use them to get loans”. “even driving, without a license you can get a job as a driver”.</p>	Less important (very)
Knowing rights and executing	<p>“you will operate within a legal framework”, “operate in a right place” (meaning a placing your</p>	Less important

them	<p>business in a place on the street that is not illegal)</p> <p>“the law doesn’t follow you, you are the one to follow it and know the legal framework you work within”.</p> <p>“if you are operating with the law, but someone disturbs you, you have to follow legal framework to get your rights”</p> <p>“if you have the right premise but someone tells you to go, you have to complain”.</p>	
Participation in formal institutions	<p>“I am a member of X and I get orders of soda and food from the party”</p> <p>“During local elections the Y party prepares t-shirts. For that they order the shirts from its party members”.</p> <p>“trust between individuals as been going down, so it is very important to join these institutions”, “meet with other members and share ideas”.</p> <p>(e.g. Roman Catholic) that offer loans to start-up businesses “offer loans to its members from 500000 as start-up capital”</p>	Important
Access to private services and goods.	<p>“buying in quantity is very important because you can push down the buying price, so that you stand a good chance of selling at a good price”,</p> <p>“the more you bargain, the more profit you get”,</p> <p>“problem is that some products you just can’t bargain, like soda” (price decided by manufacturer),</p> <p>“chema chajiwza kibaya chajitembeza”, a popular saying that says “something good, sells by itself”.</p>	Very important
Access to credit		Very important (most)
Entrepreneurial and business skills	<p>“study the area. Should be good, should be able to know the buying and selling prices and what will be your profit”,</p>	Very important

“recoding keeping is among the most important things, because you know the direction of your money”,

“separate between family and business. Don’t mix money between them”.

“Chinese have taken a large share of the market because they invest on that. They know what to sell and where”

“before starting your business you should learn who are your customers”

“you should not sell beer around a primary school”.

VII - Focus groups field notes (sum-up Researchers)

Group: 4 researchers (3 of Tanzanian nationality and 1 of American nationality) that conducted most of the 600 interviews to micro-credit entrepreneurs and visited many of their business places.

Time and place: 24-08-2009, between 14:30 and 15:45; Sinza, Dar-Es-Salaam (in a calm restaurant of the area). Given the time of the meal/focus group, the restaurant was almost empty and the levels of noise were very low. It was easy to create an adequate environment for a focus group.

Short description: The focus group was conducted in English language and consisted in 2 main moments:

- 1) In the first one the issues were approached in an open answer system, using post-its, followed up by an open debate moderated by one external mediator (myself)
- 2) The second moment consisted on the presentation of specific factors and the debate regarding their importance and role. It was a more directed conduction of the issues, specifying the indicators of the model.

1 – Open focus group

An open question was made, and the answers were given through post-its. The answers were displayed on the table in a manner that the most similar answer where closer together.

The focus group participants were asked to justify their choices and to comment on the other answers on the table, originating a collective debate. The mediator did not give he's own opinions and mostly intervened to ensure that all participated actively in the discussion, to identify points of agreement or disagreement or to further focus on a given point that could benefit from further discussion.

The question formulated was:

Given your several contacts with micro-entrepreneurs during the interviews, in your opinion, what 3 characteristics do you identify as being more common and important in successful micro-entrepreneurs?

The answers were:

- d) Take risk, do something different from their neighbors...
- e) Business mindset. Some people are out to make money, others just want to survive.
- f) Keeping records.
- g) Accounting skills. More successful people tend to be better accountants.
- h) Business training.
- i) Good customer care.
- j) Business knowledge.
- k) Good knowledge of business.
- l) Accurate market information of own products.
- m) Enough capital.
- n) Capital in terms of cash and assets.
- o) Better business location.

Being that all agreed that all of the answers had some validity, the discussion centered on the importance of each of the points. The discussion did not point to an overall consensual conclusion, but it allowed drawing some common ideas.

INDICATORS	DISCUSSION	Answers
Leadership capacity	Risk taking, even if only referred once, was agreed to be a common characteristic of successful entrepreneurs	a);b)
Level of formal education	The importance of formal education was a dividing, in which some argued that more successful entrepreneurs had prior access to formal education. While others argued that the familiar and cultural environment was the determinant issue.	e)
Participation in Community life, Social links	Its relative importance was not focused and disregarded.	f)
Access to state	Not focused	-

services		
Knowing rights and executing them	Not focused	-
Participation in formal institutions	Not focused	-
Access to private services and goods.	Its relative importance was also not focused and relatively disregarded.	k);l)
Access to credit	It was argued to be very important (being that the study sample is micro-credit customers, it would be expectable). However it was debated its relative importance regarding the access to formal education.	j);k)
Entrepreneurial and business skills	It was concluded consensually to be very important.	c);d) g);h);i)

Summing up the first moment, it is possible to already admit that there is a consensus regarding the importance of access to credit, education (being that the discussion regarding formal or informal was not conclusive), entrepreneurial and business skills and leadership capacity (referred as “risk taking” throughout the discussion).

2 – Semi-directed focus group

In a second moment, the focus group was asked to give their opinion regarding each of the points (indicators) in the success of micro-entrepreneurs.

The questions were:

Classifying as not common and little important (1), less common and relatively important (2), common and important (3), very common and important (4) and extremely common and important (5). How common and important do you see the following characteristic in successful micro-entrepreneurs?

Each point was discussed in group and a final answer had to be agreed amongst the participants, the role of the mediator was majorly to ensure the participation of all and to clarify the concepts/characteristics being discussed.

INDICATORS	DISCUSSION	Answers
Leadership capacity	There was an overall coherence regarding this point, not only because of risk aversion but agreeing a broader definition of the characteristic.	4
Level of formal education	There was no consensus on this point. While some continued arguing that formal education was determinant (5) other defend other forms of transmitting knowledge (3) (“everyone knows that people from X tribe are good business people”)	4
Participation in Community life, Social links	By further focusing on this point, the group came to the conclusion that social relations (“rely on friends as regular customers”; “go to PRIDE office even not having loan”) did represent a very important and common characteristic on successful cases. There was even an example of a very successful client that was a gross importer and no longer needed the micro-credit loans, but was still a part of it in order to maintain business contacts: “she said, PRIDE it’s where I have my clients”.	3.5
Access to state services	Agreeing that it is not the issue that is more significant. They did point to negative examples, in which bureaucracy issues with public offices were a limitation for the success of businesses (“he did not get the permit. However he still has his business”)	2
Knowing rights and executing them	There was a clear line between knowing the rights and executing them (“many know their rights, but know it’s not worth to lose time because of the quality of institutions”). The group agreed on a relative importance of the matter.	2
Participation in formal institutions	They did not identify many cases in which being involved in formal institutions were significant. There was an agreement regarding the participation in community life as more important.	2
Access to private services and goods.	Issues such as “owning their own property” or “good conservation condition of the premises” seem to be more common among successful cases.	3
Access to credit	It was consensually very important. But being that the study sample is micro-credit customers, it would be expectable.	4
Entrepreneurial and business skills	The one to be pointed as the most important characteristic. Mostly through remarks such as “business skills” or “knowing their business”.	4,5

In a final moment, the group compared the outcomes of the first two moments and debated on its differences or similarities.

The major point to be focused was the relative importance of each of the indicators, namely regarding the high importance of the social dimension (leadership capacity, education and participation in the community) that was not evident in the first moment of debate. Moreover, the entire institutional/civic dimension (access to state services, knowing rights and participation in institutions) had been left out of the initial moment. And even so it was argued to have a lesser relative importance; it still performs a role according to the researchers group and seems to be more common in more successful micro-entrepreneurs.

Appendix VIII – Survey Results (averages)

Table 1 – Household outcomes 1 (DTREAT and BG)

	Durable Items	Durable Expenditure	Meat Consumption	House Ownership	School
No b. grant	-0.38312	472692.5	0.013158	-0.10065	-0.05263
Business grant	-0.27477	539810.9	-0.02262	-0.15315	-0.1055
No b. training	-0.37692	400596.5	0.015564	-0.18077	-0.05447
Business training	-0.30728	598071.8	-0.01876	-0.07901	-0.08772

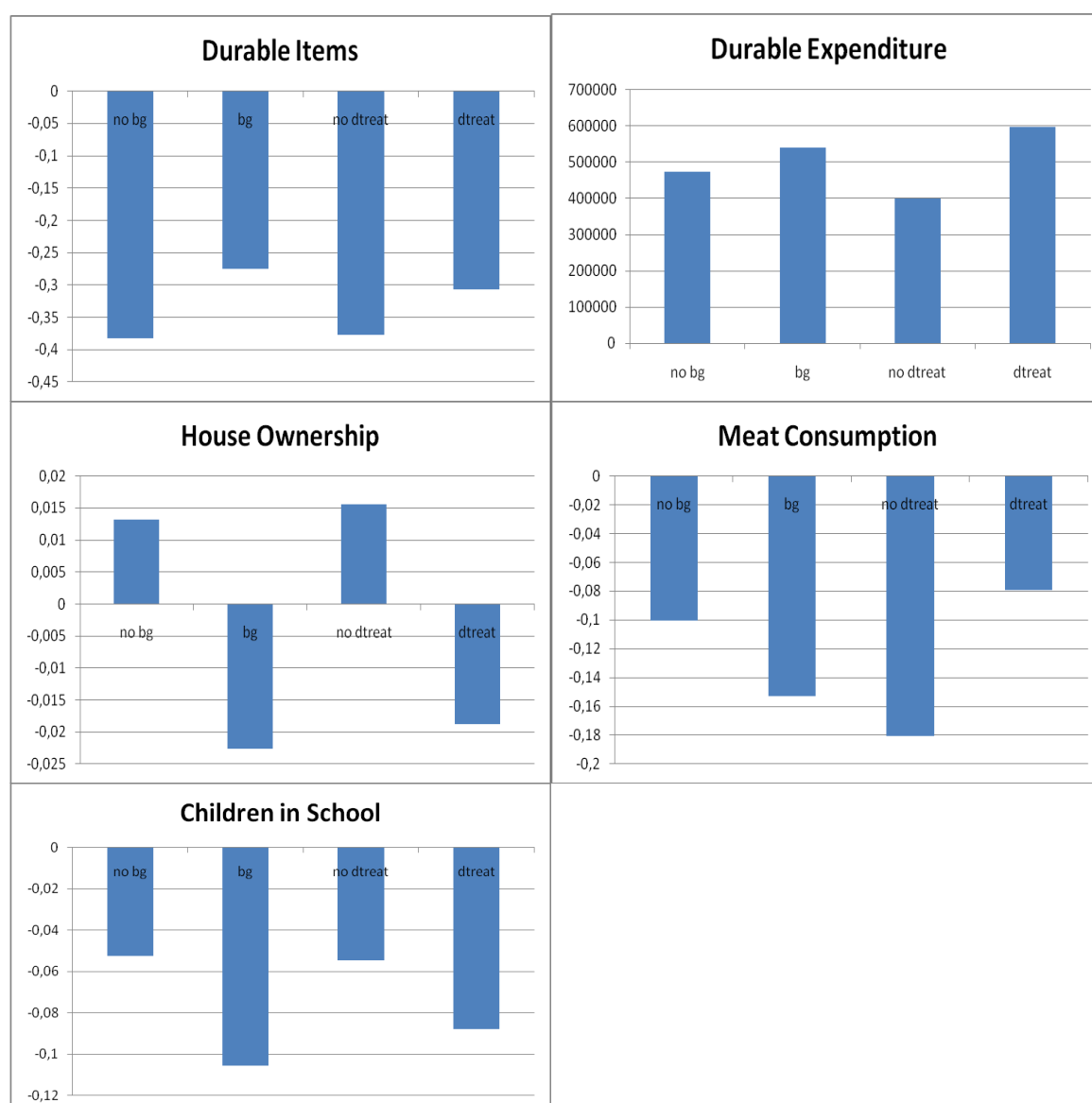


Figure 1 – Household outcomes 1 (DTREAT and BG)

Table 2 – Household outcomes 2 (DTREAT and BG)

	House Servants	Health Problems	Health expenditure	Calculated Profits	Stated Profits	Remittances 09	Food 09 expenditure
No b. grant	-0.01974	0.035714	-24172.7	113110.1	102407.6	24529.42	9740.244
Business grant	0.00905	0.022523	-29738.3	172880.8	207726.5	29459.16	9517.541
No b. training	-0.01953	0.042308	-17650.8	98161.88	92688.29	24989.34	9662.649
Business training	0.003691	0.022521	-34378.5	176589.2	198914.1	28220.9	9603.236


Figure 2 – Household outcomes 2 (DTREAT and BG)

Table 3 – Business outcomes/Empowerment Indicators (DTREAT and BG)

	Phone Contacts	Phone Costs	Bus. Registration	Bus. License
No b. grant	-3.80844	-2458.44	-0.02922	0.00974
Business grant	-2.65766	-2301.13	0	-0.01802
No b. training	-4	-2259.23	-0.01154	0.019231
Business training	-2.61512	-2534.98	-0.0187	-0.01862
	Bank Card	Bus. Records	Bus. Discussions	
No b. grant	0.035714	-0.02597	4.371901	
Business grant	0.085586	0.040541	5.035294	
No b. training	0.042308	-0.04615	4.236715	
Business training	0.078518	0.052099	5.092683	

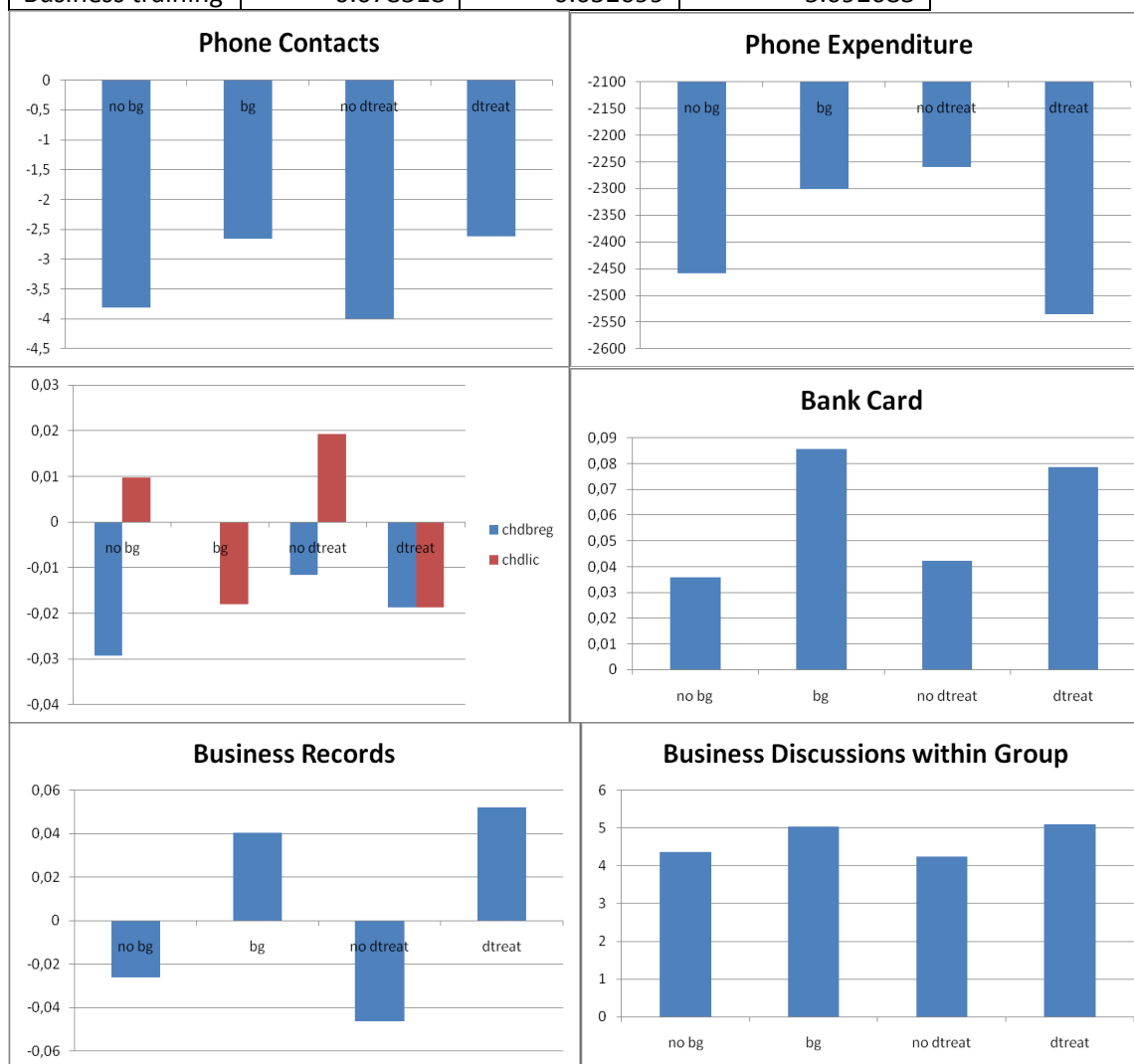

Figure 3 – Business outcomes/Empowerment Indicators (DTREAT and BG)

Table 4 – Relation with Household outcomes 1 (Leadership)

	Durable Items	Durable Expenditure	Meat Consumption	House Ownership
No leadership position	-0.32716	566310.1	-0.00621	-0.11728
One leadership position	-0.28105	399950.8	0.006623	-0.11765
Two leadership positions	-0.56604	390866.2	0	-0.16981

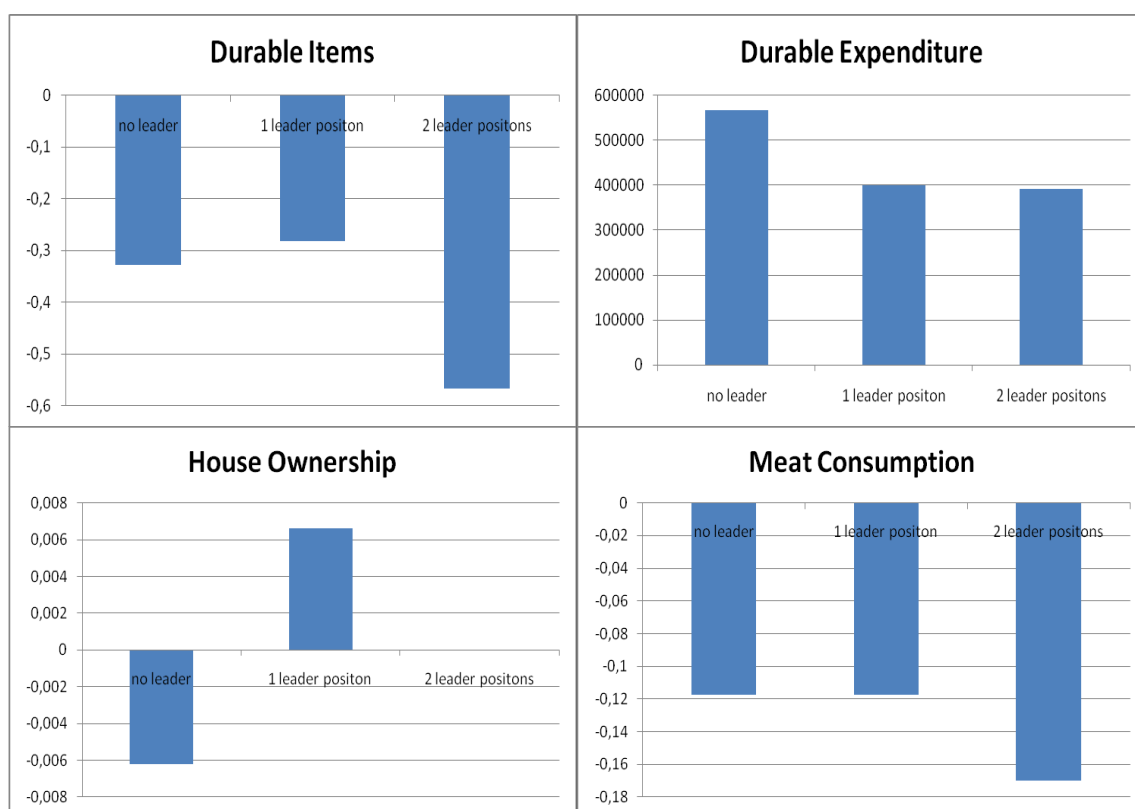

Figure 4 – Relation with Household outcomes 1 (Leadership)

Table 5 – Relation with Household outcomes 2 (Leadership)

	School	House Servants	Health Problems	Health Expenditure
No leadership position	-0.04702	-0.01553	0.015432	-21733.6
One leadership position	-0.09333	0.033113	0.039216	-4793.46
Two leadership positions	-0.18868	-0.07692	0.09434	-118340

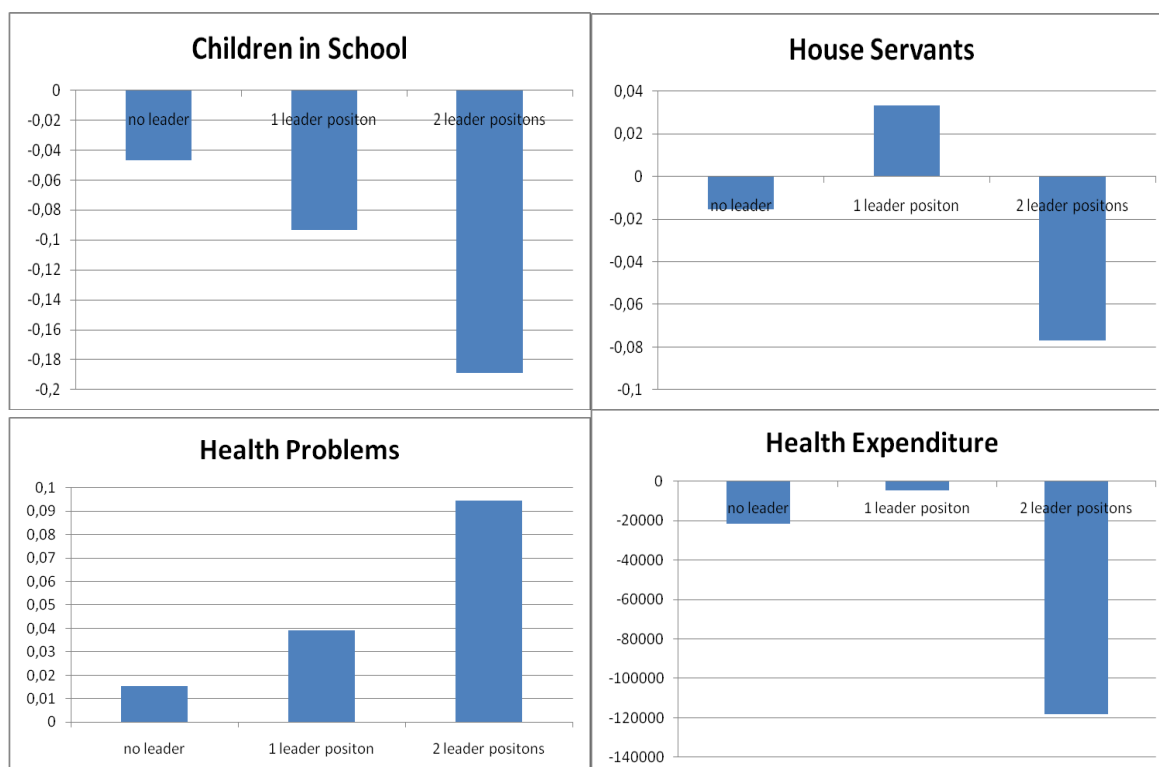

Figure 5 – Relation with Household outcomes 2 (Leadership)

Table 6 – Relation with Household outcomes 3 (Leadership)

	Calculated Profits	Stated Profits	Food 09 Expenditure	Remittances 09
No leadership position	144008	120979.3	10076.18	26052.59
One leadership position	134394.5	129140.9	9026.978	27474.95
Two leadership positions	113141.4	352849.1	8791.226	27421.38

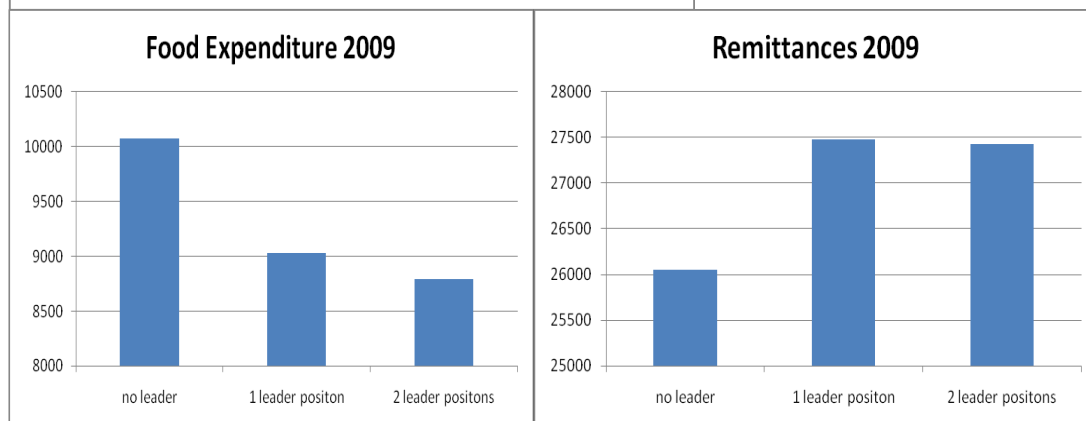

Figure 6 – Relation with Household outcomes 3 (Leadership)

Table 7 – Relation with Household outcomes 1 (Prior Education and Living in DSM)

	Durable Items	Durable Expenditure	Meat Consumption	House Ownership
study - 6	-0.15	401347.3	0.05	-0.3
study 7-10	-0.42308	428140.3	0.019481	0
study + 11	-0.30791	538612.3	-0.01425	-0.16949
living - 10	-0.23256	397877.4	-0.03488	0.011628
living 10-20	-0.31847	634402.3	0	-0.24841
living + 20	-0.36672	459471.8	0.007262	-0.09605

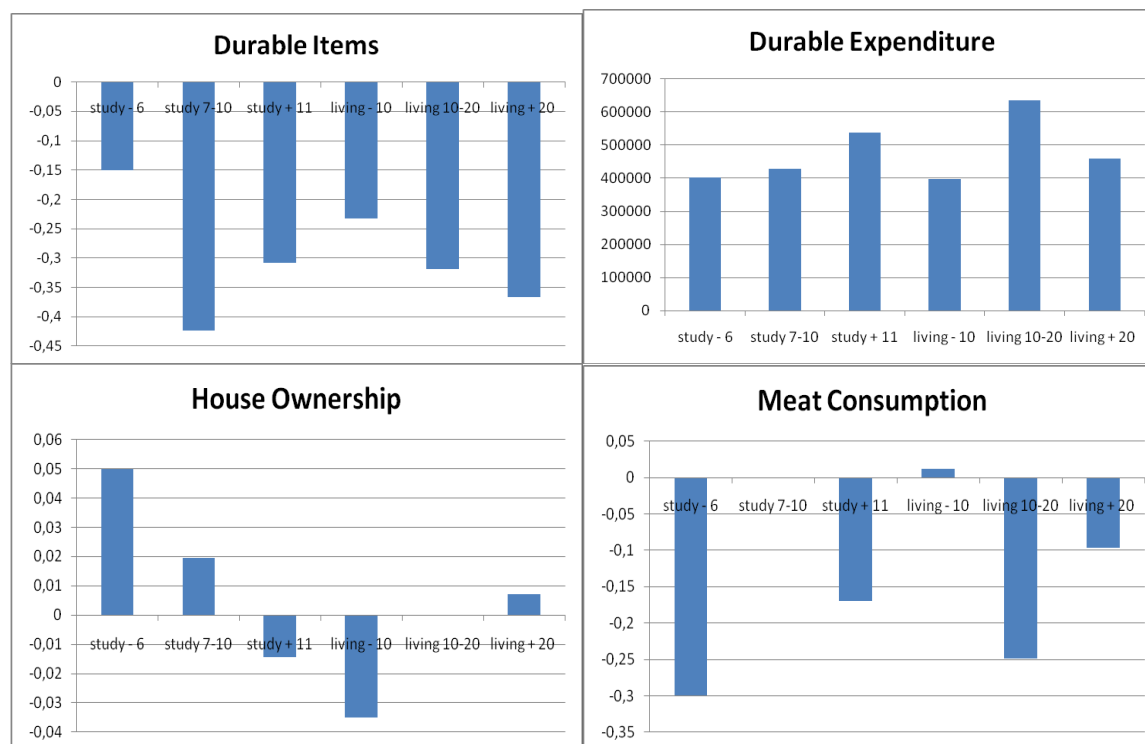
**Figure 7 – Relation with Household outcomes 1 (Prior Education and Living in DSM)**

Table 8 – Relation with Household outcomes 2 (Prior Education and Living in DSM)

	School	House Servants	Health Problems	Health Expenditure
study - 6	0.05	-0.05	0.1	-21600
study 7-10	-0.09032	-0.04516	0.00641	-40130.1
study + 11	-0.07205	0.011429	0.039548	-20818.6
living - 10	-0.06977	0	0.093023	-19674.4
living 10-20	-0.15789	0	0.044586	-19068.2
living + 20	-0.02867	-0.01443	0.007503	-33748.1

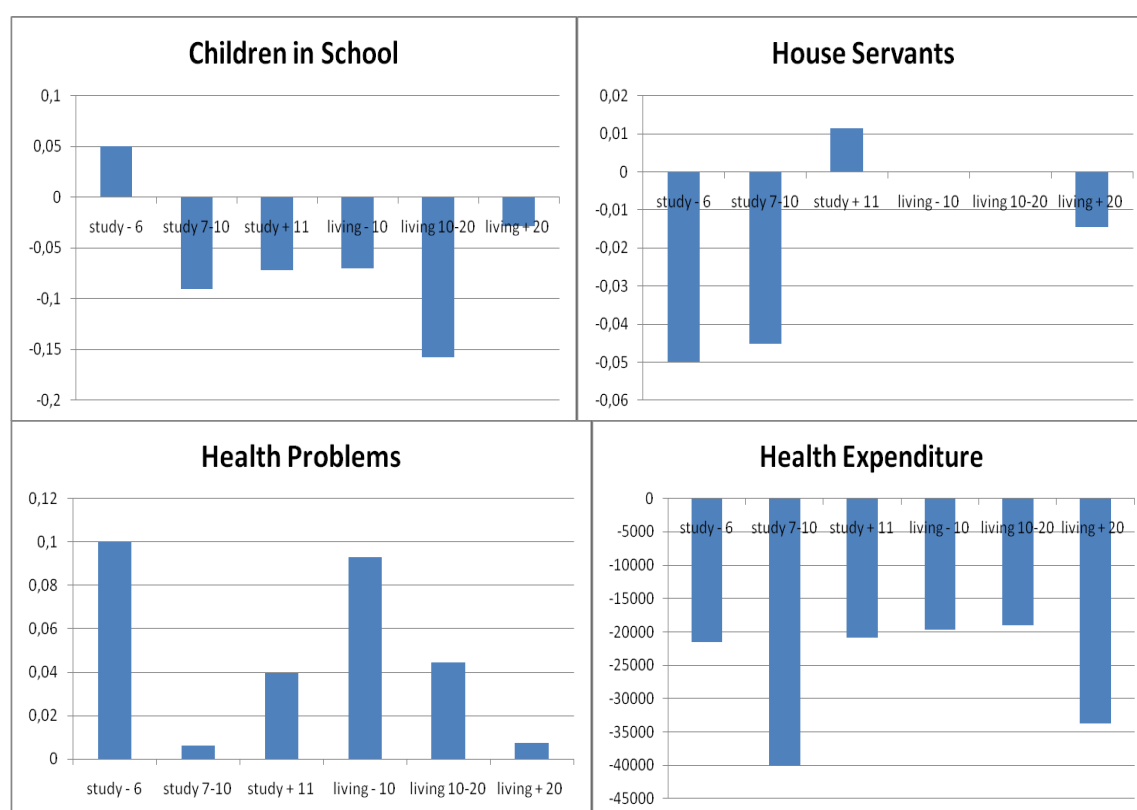

Figure 8 – Relation with Household outcomes 2 (Prior Education and Living in DSM)

Table 9 – Relation with Household outcomes 3 (Prior Education and Living in DSM)

	Calculated Profits	Stated Profits	Food 09 Expenditure	Remittances 09
study - 6	81697.85	61913.2	9173.257	12180
study 7-10	157816.8	223590.5	10306.83	31845.16
study + 11	130785.8	115208.5	9357.484	25159.59
living - 10	193591.9	164553.2	10580.51	29962.42
living 10-20	106158.3	100376.4	9613.727	24764.96
living + 20	138640	167449.7	9406.644	26771.99

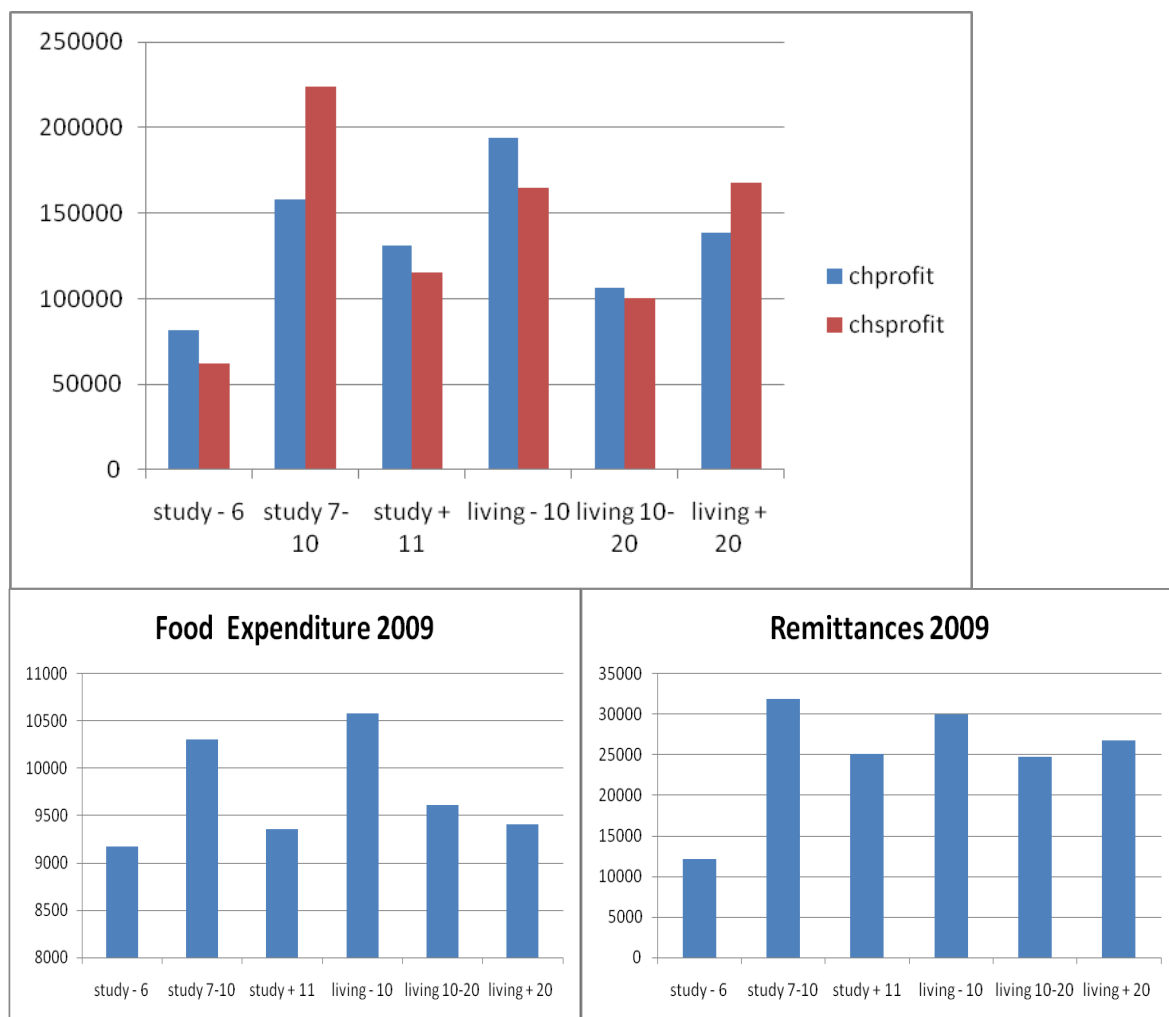
**Figure 9 – Relation with Household outcomes 3 (Prior Education and Living in DSM)**

Table 10 – Relation with Household outcomes 1 (Business registration and license)

	Durable Items	Durable Expenditure	Meat Consumption	House Ownership
stopped registration	-0.48148	510298.6	0	-0.03704
started registration	-0.4	477076	-0.06667	-0.46667
stopped license	-0.475	259675.6	0.025641	-0.175
started license	-0.4022	499062.2	-0.05586	-0.36496

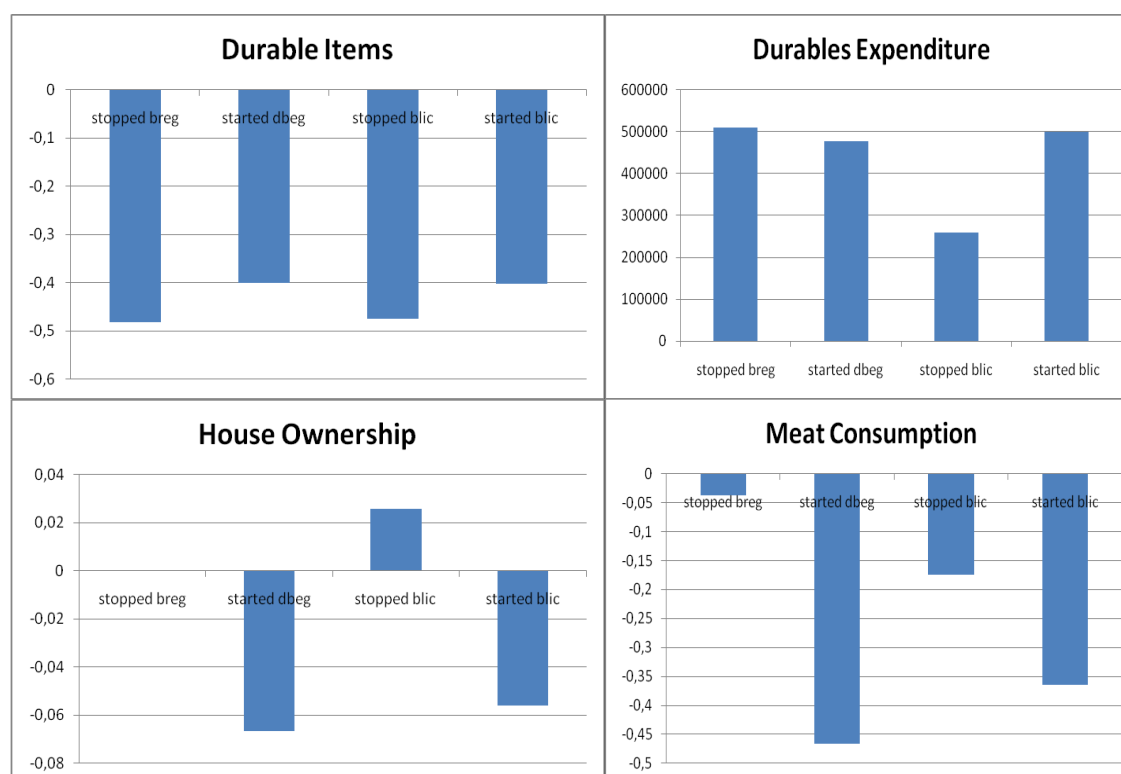

Figure 10 – Relation with Household outcomes 1 (Business registration and license)

Table 11 – Relation with Household outcomes 2 (Business registration and license)

	School	House Servants	Health Problems	Health Expenditure
stopped registration	-0.07547	0.037736	-0.05556	-91287
started registration	-0.04545	-0.04444	0.088889	-2537.78
stopped license	-0.05128	0.025641	-0.05	-116100
started license	-0.03114	-0.02721	0.081982	-6622.29

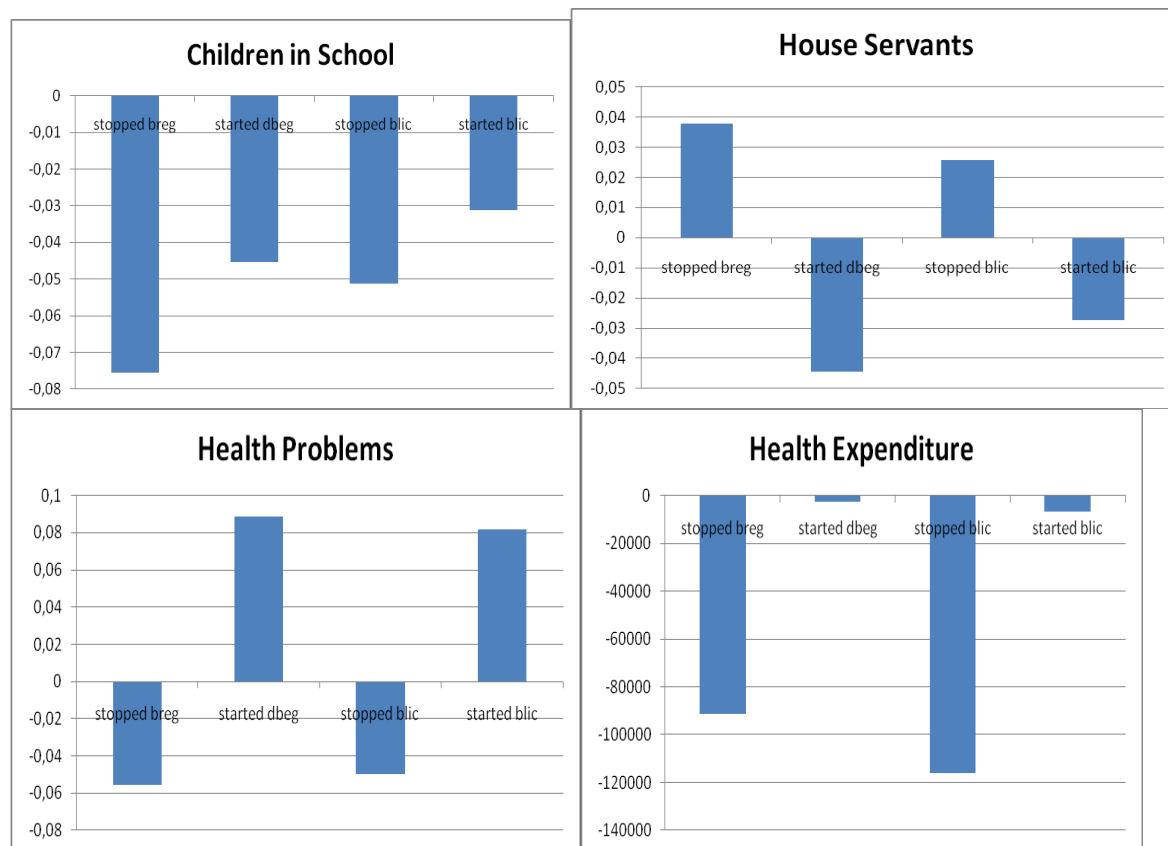
**Figure 11 – Relation with Household outcomes 2 (Business registration and license)**

Table 12 – Relation with Household outcomes 3 (Business registration and license)

	Calculated Profits	Stated Profits	Food 09 Expenditure	Remittances 09
stopped registration	24449.32	35345.91	9486.774	20062.91
started registration	600892.1	691772	9820.081	35066.67
stopped license	4675.005	24224.2	8309.376	22111.13
started license	697980.1	837390.6	10224.83	37571.07

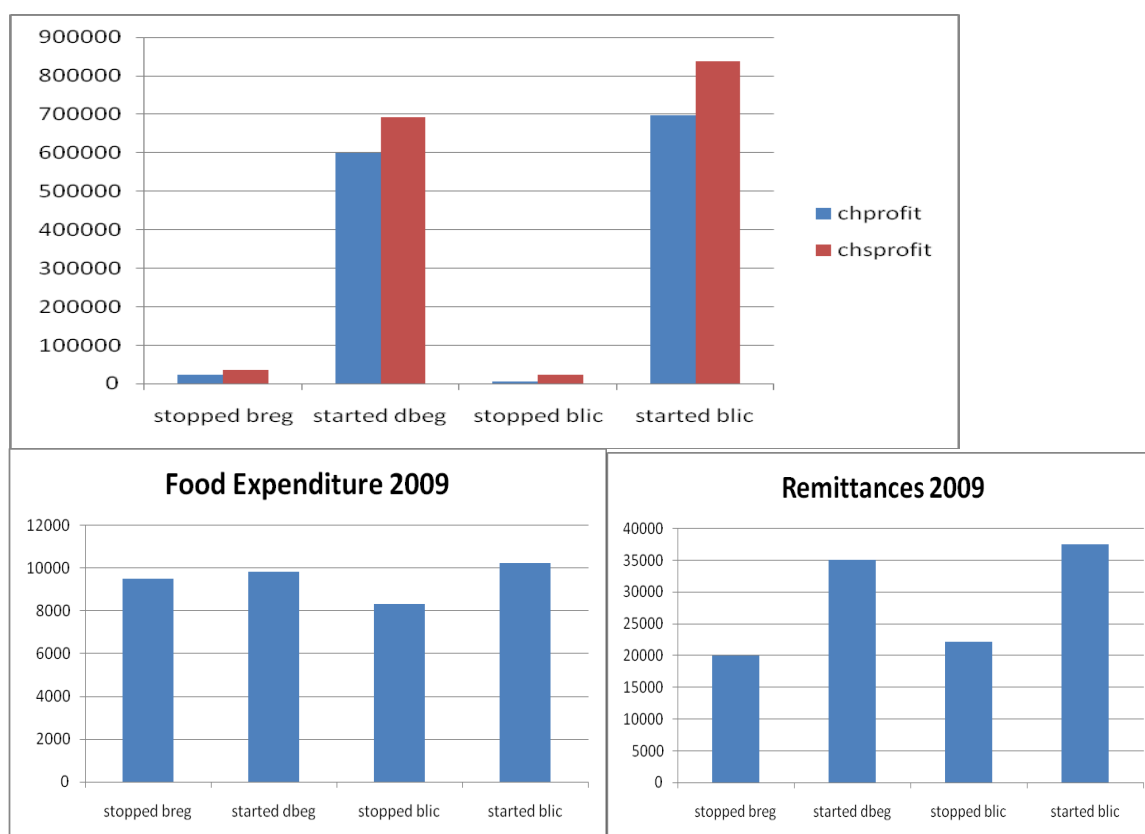

Figure 12 – Relation with Household outcomes 3 (Business registration and license)

Table 13 – Relation with Household outcomes 1 (Economic – business records and bank card)

	Durable Items	Durable Expenditure	Meat Consumption	House Ownership
stopped bank card	-0.33882	510201.2	-0.01422	-0.09412
started bank card	-0.38235	400350.1	0.044776	-0.22059
stopped b.records	-0.4	447178.2	0.013514	-0.08
started b.records	-0.34758	400049.1	0.027816	-0.12587

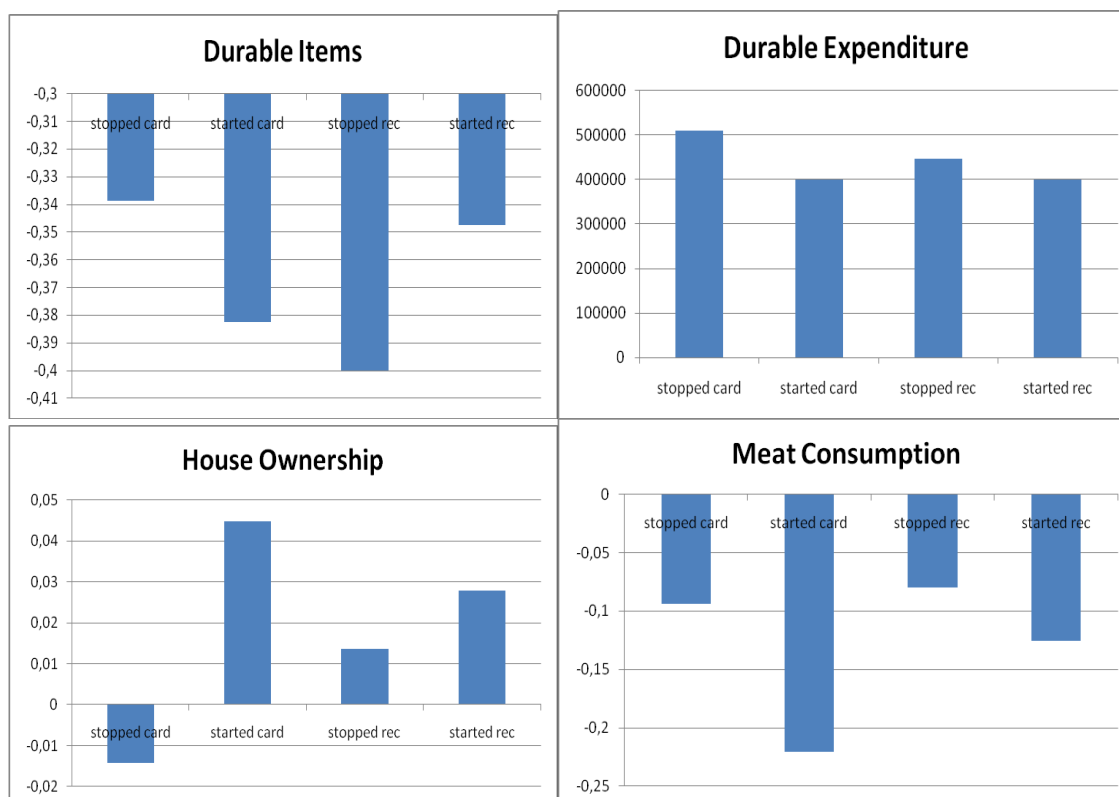

Figure 13 – Relation with Household outcomes 1 (Economic – business records and bank card)

Table 14 – Relation with Household outcomes 2 (Economic – business records and bank card)

	School	House Servants	Health Problems	Health Expenditure
stopped bank card	-0.07177	-0.00711	0.037647	-21727.3
started bank card	-0.02985	0.044776	0.029412	-52308.8
stopped b.records	-0.14667	-0.05405	-0.01333	-23826.7
started b.records	-0.02879	0.041612	0.041447	-56095.1

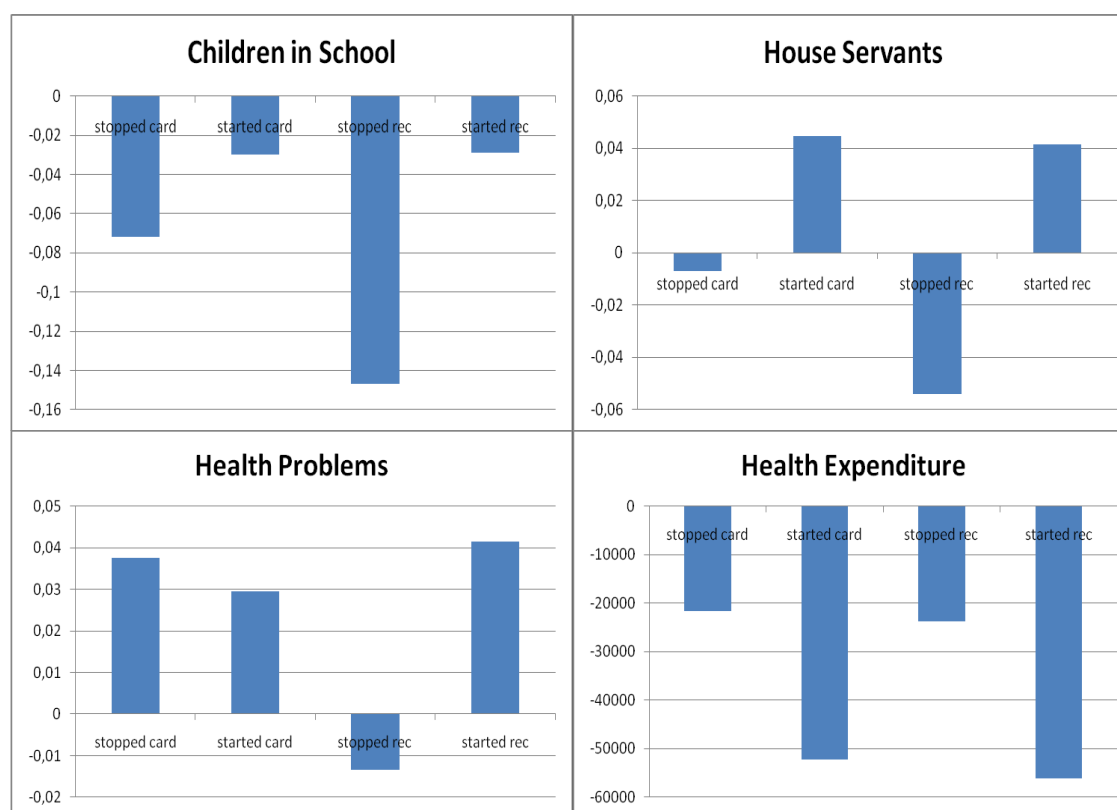

Figure 14 – Relation with Household outcomes 2 (Economic – business records and bank card)

Table 15 – Relation with Household outcomes 3 (Economic – business records and bank card)

	Calculated Profits	Stated Profits	Food 09 Expenditure	Remittances 09
stopped bank card	131045.4	143963.3	9478.841	25974.49
started bank card	206945.8	167374.9	10334.45	34410.45
stopped b.records	161436.2	173603.3	9611.633	25702.23
started b.records	225080.7	176044.9	10075.69	33560.07

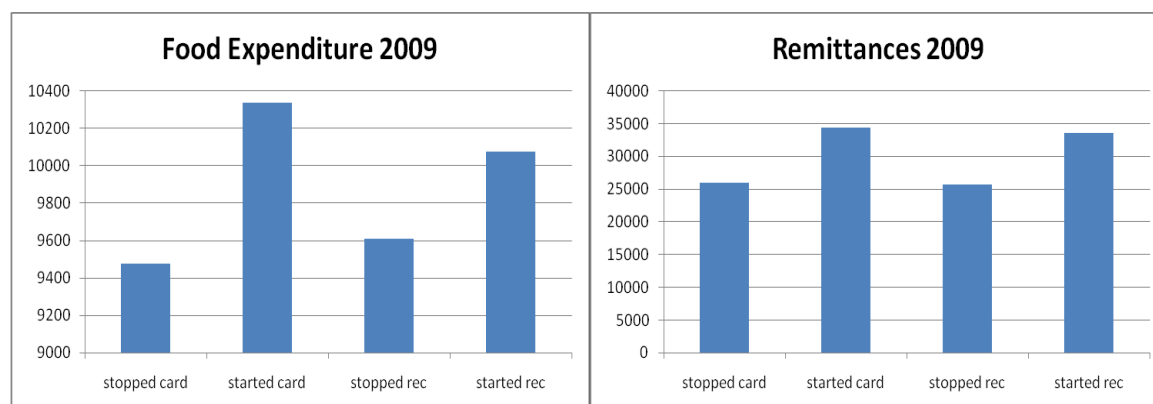
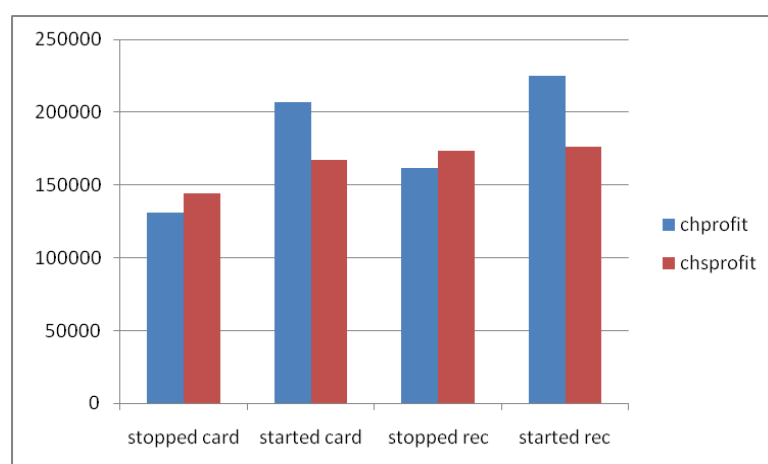

Figure 15 – Relation with Household outcomes 3 (Economic – business records and bank card)

Table 16 – Relation with Household outcomes 1 (Mobile Use)

	Durable Items	Durable Expenditure	Meat Consumption	House Ownership
not more contacts	-0.34066	395524.3	0	-0.23077
more contacts	-0.33133	735546.6	-0.00613	0.114458
not more costs	-0.32041	391187.3	-0.0026	-0.2584
more costs	-0.40193	816964.6	-4.4E-05	0.268679

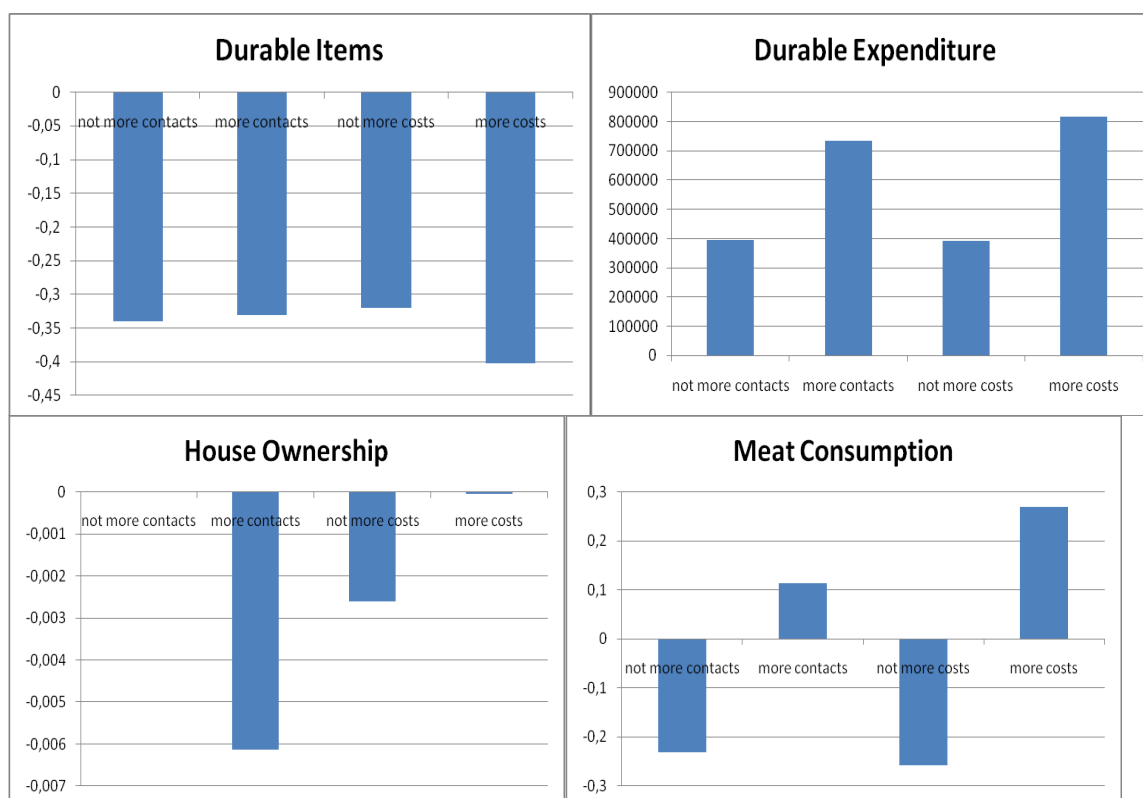

Figure 16 – Relation with Household outcomes 1 (Mobile Use)

Table 17 – Relation with Household outcomes 2 (Mobile Use)

	School	House Servants	Health Problems	Health Expenditure
not more contacts	-0.07283	-0.03315	0.035714	-23578.6
more contacts	-0.07879	0.04908	0.018072	-32918.7
not more costs	-0.07368	-0.02857	0.031008	-21962.3
more costs	-0.07251	0.05084	0.035842	-39540.4

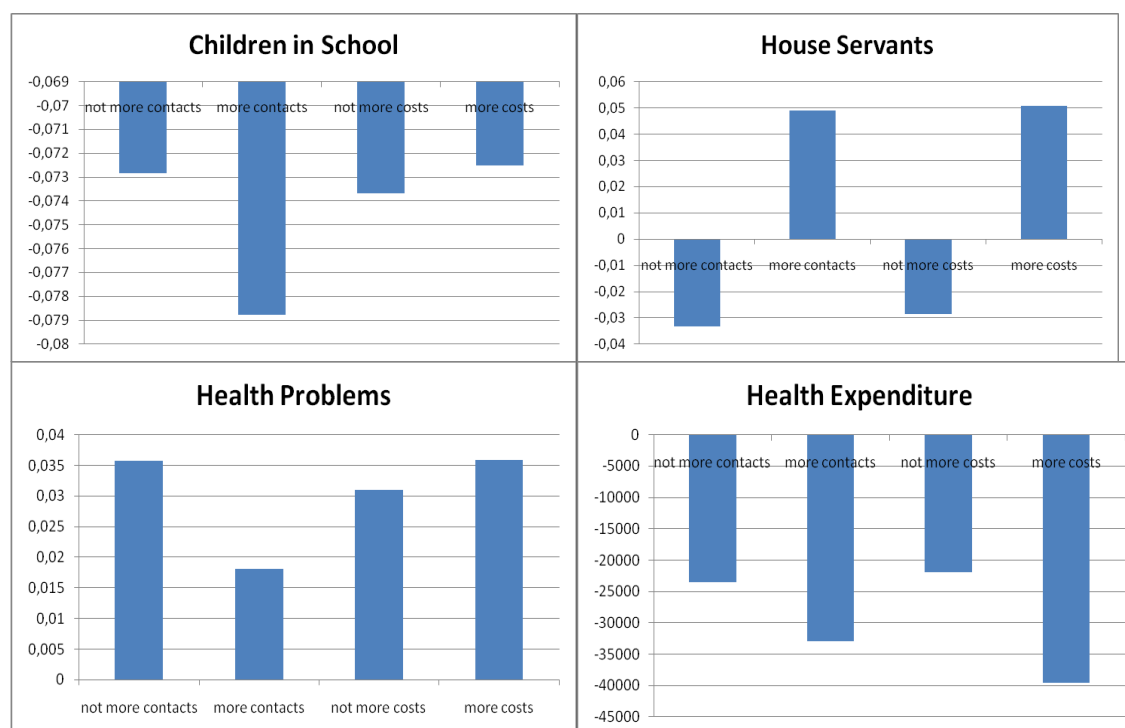

Figure 17 – Relation with Household outcomes 2 (Mobile Use)

Table 18 – Relation with Household outcomes 3 (Mobile Use)

	Calculated Profits	Stated Profits	Food 09 Expenditure	Remittances 09
not more contacts	109129.9	94934.55	9680.433	25432.74
more contacts	201772.2	259642.6	9570.761	29174.84
not more costs	113068.7	92768.31	9525.643	25303.33
more costs	220933	307028.9	9946.918	30238.98

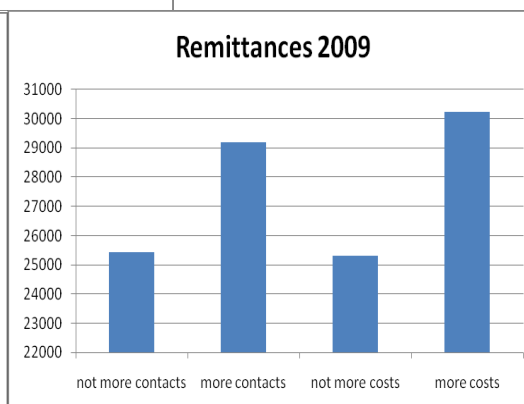
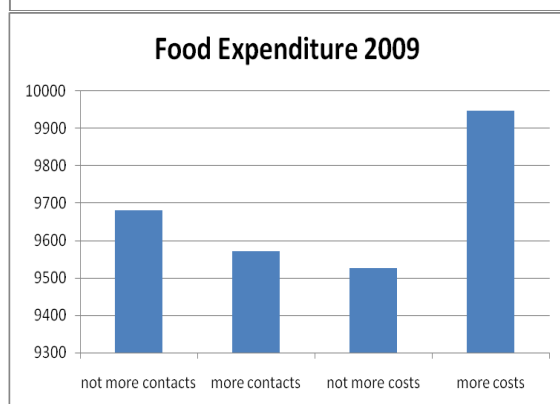
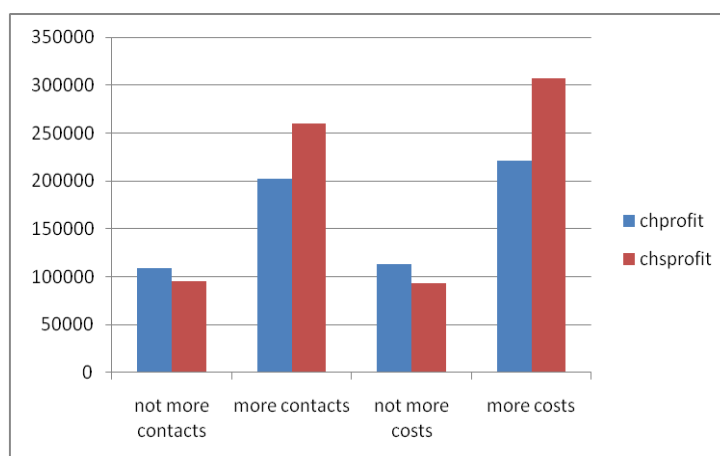


Figure 18 – Relation with Household outcomes 3 (Mobile Use)

Table 19 – Relation with Household outcomes 1 (Business Discussion within group)

weekly group discussions	Durable Items	Durable Expenditure	Meat Consumption	House Ownership
less than 1	-0.36283	255179.8	-0.00893	-0.58407
1	-0.38021	450098.3	0.031579	-0.05208
more than 1	-0.22727	396996.5	-0.0367	-0.12727

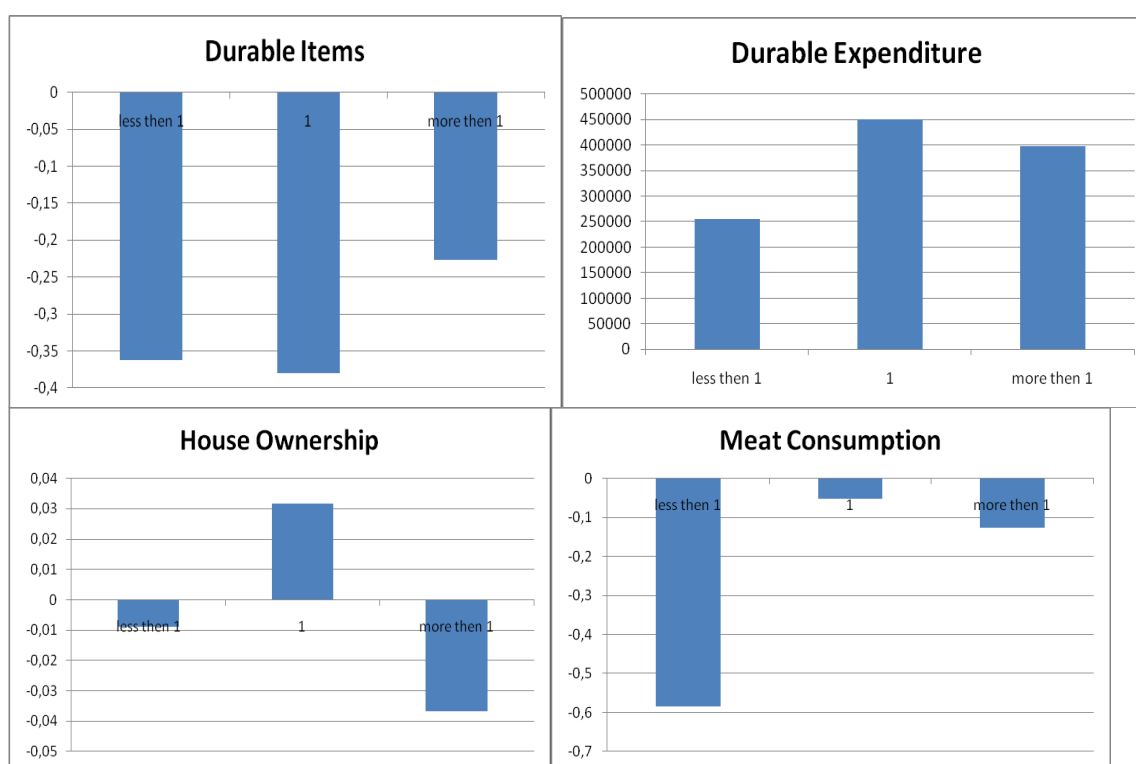

Figure 19 – Relation with Household outcomes 1 (Business Discussion within group)

Table 20 – Relation with Household outcomes 2 (Business Discussion within group)

weekly group discussions	School	House Servants	Health Problems	Health Expenditure
less than 1	-0.0531	0.045045	0.044248	-1767.26
1	-0.09474	-0.06842	0.026042	-34298.4
more than 1	0	0.027523	0.027273	-36810

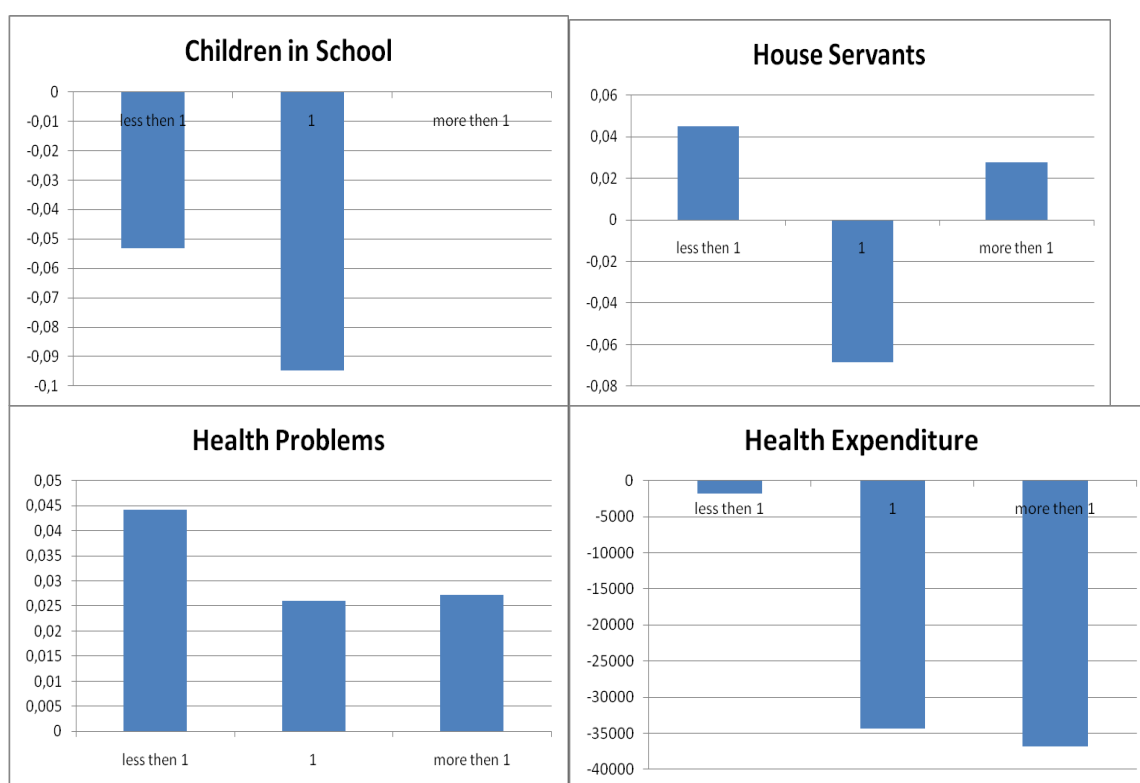
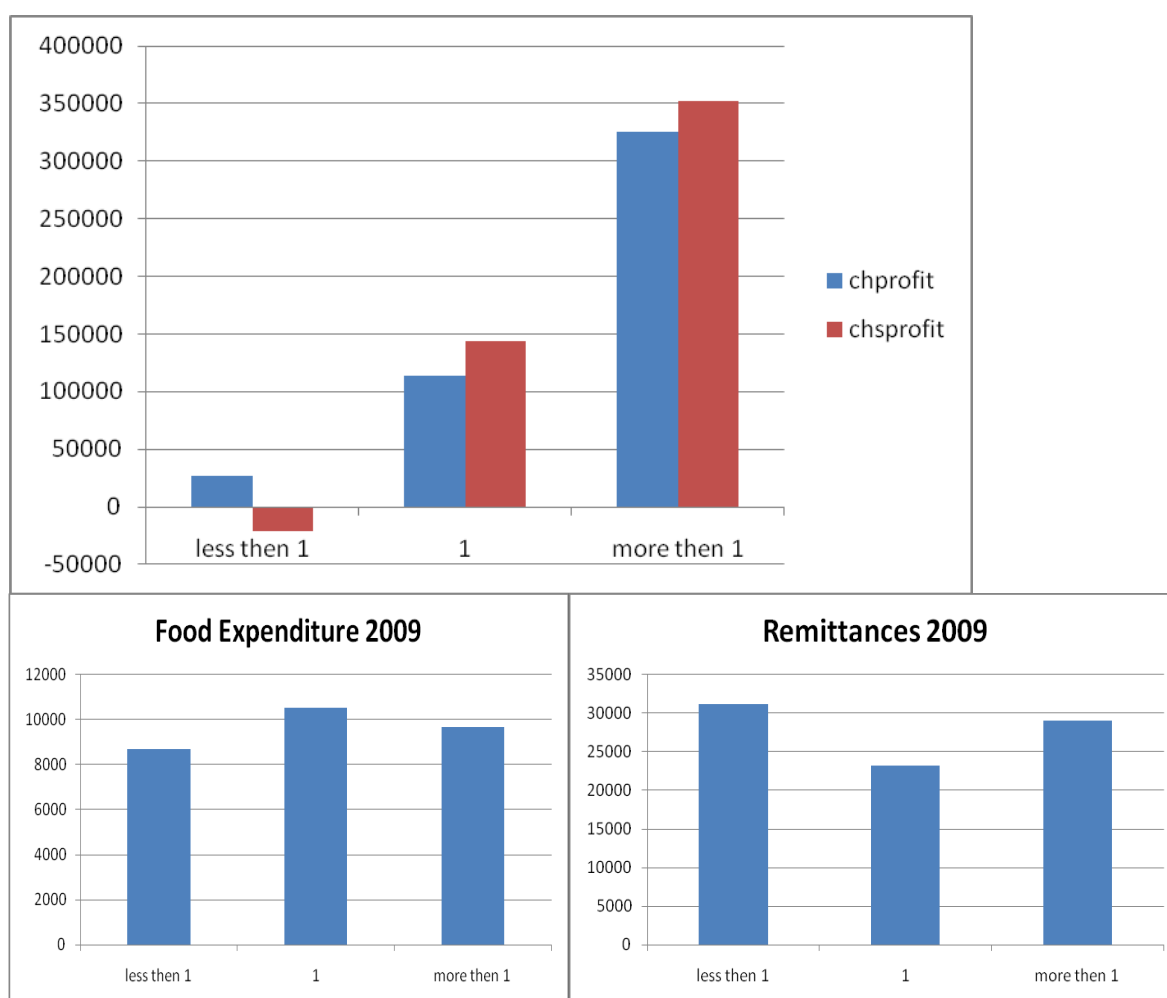


Table 21 – Relation with Household outcomes 3 (Business Discussion within group)

weekly group discussions	Calculated Profits	Stated Profits	Food 09 Expenditure	Remittances 09
less than 1	26954.38	-20706.3	8706.996	31194.59
1	113347	143503.1	10500.83	23197.48
more than 1	325503.7	352471.7	9648.907	29072.73


Figure 20 – Relation with Household outcomes 2 (Business Discussion within group)

Appendix IX – Results - relations between exogenous variables and outcomes

It is essential to search for causal relations between the two exogenous variables and household outcomes, in order to assess if there is any direct impact of the business training or the business grant. Regarding which, one can already foresee that after only one year since the project started it is still hard to see overall significant relations with an improvement in household outcomes. Still it is possible to already observe some tendencies and even interesting and important relations.

The main expectation is to illustrate differences in this first year of the study. Yet it is important to underline that most of the numbers here presented did not prove a significant relation between variables, as such most of these results simply show simple averages, in order to see overall tendencies. Each of the exogenous variables are interpreted concomitantly, both business grant (bg) and business training (dtreat) are compared with their opposites (no bg/ no dtreat). Most of the graphics refer to average changes between 2008 and 2009, except for the final two outcomes that clearly state 2009 in the title (since no 2008 data was available).

Starting with the outcomes related with the acquisition of durables, there is an overall decrease in the amount of Durable Items bought from 2008 to 2009. Yet it is possible to see that the ones that received a business grant (bg) and the ones that received business training (dtreat) in average did not such a pronounced decrease. On the other hand, the decrease in the number of Durable items does not seem to represent a decrease on Expenditure. Actually there was an overall increase in expenditure, more pronounced for the bg and dtreat groups. Summing up, in spite the lack of significant relations it is possible to easily detect some tendencies that can point out to a small improvement in living conditions.

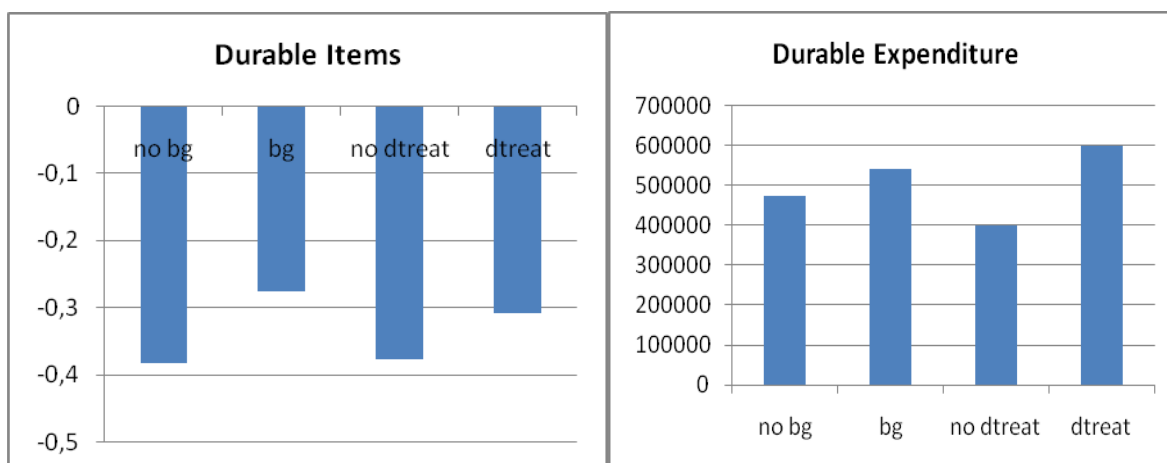


Table 1 – Durables Items and Expenditure (Business Training – dtreat; Business Grant - bg)

Meat Consumption seems to have decreased in the entire sample, being that the highest values belong to the group that received business training (dtreat). The interesting aspect is that this relation is statistically significant in the case of male respondents, with a t of 2.14 and $P > |t|/0.033$ (for a closer look refer to Appendix III).

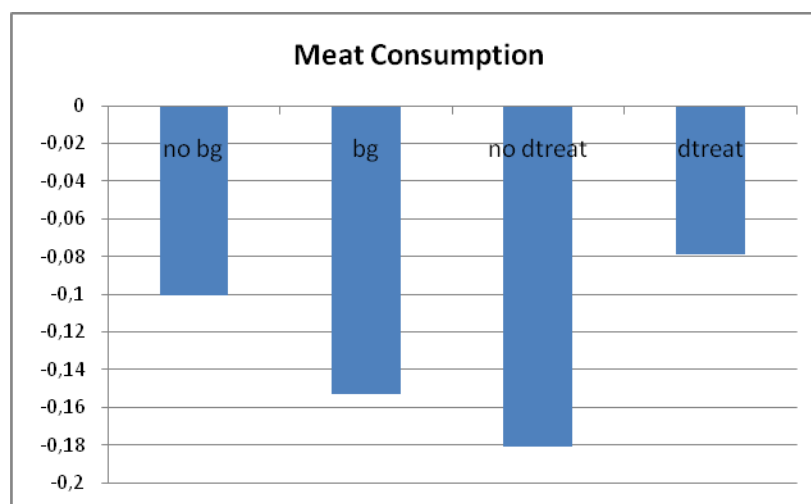


Table 2 – Meat Consumption (Business Training – dtreat; Business Grant - bg)

Also the point of Children in School (private) seems to be of interest, even if all the groups registered a decrease in the past year, it is still fair to point out that in overall numbers the dtreat group has the least number of children in public school ($t = -2.12$; $P > |t|/0.038$), which at least indicates that the decrease may be more related with the fall in the number of children in school age and not with a lesser investment in the children's' education.

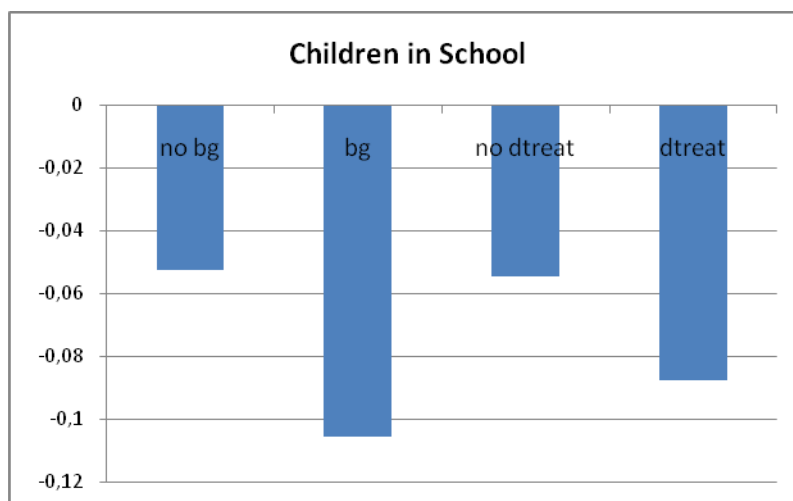


Table 3 – Children in School (Business Training – dtreat; Business Grant - bg)

Regarding House Servants, it seems to be one of the outcomes that more pronouncedly shows a difference between the treatment and the control groups. Even without a significant relation between variables one can see that both bg and dtreat have registered average increases in the number of house servants, while no bg and no dtreat have registered proportionally higher average decreases.

Referring to House Ownership, there seems to be a clear relation between both treatment groups (bg/dtreat) and a decrease in house ownership, while the control groups (no bg/no dtreat) actually register an increase in house ownership. The meaning of such values is unclear, and given the fact that it does not seem to reflect a significant statistical relation, one can simply speculate on its specificity, perhaps it refers to a higher investment on the business premise/stock in this first year of treatment or other unforeseen variables have largely influenced the results.

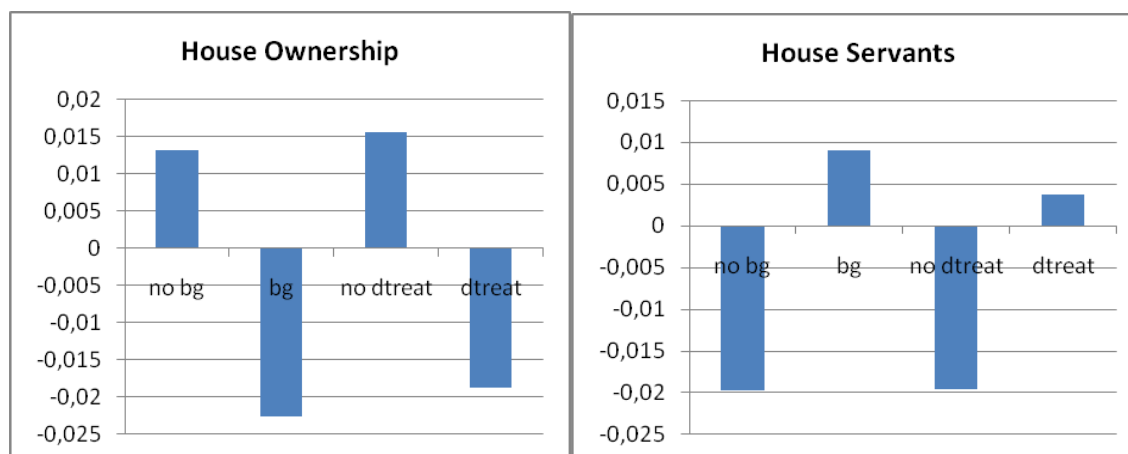


Table 4 – House Ownership and House servants (Business Training – dtreat; Business Grant - bg)

Likewise somewhat unclear, there seems to be an increase in health problems but a paradoxical decrease in health expenditure, being that the treatment groups have registered a minor increase in health problems and a correspondent decrease in expenditure. This close relation between health problems and expenditure may actually indicate that the expenditure is more related with the health problems themselves, rather than an unequal access to private or public hospitals based on effects of business training or business grant. On the other hand, the fact that the treatment groups registered an average lower increase in health problems, may also indicate an improvement in daily-life (food, hygiene, etc...).

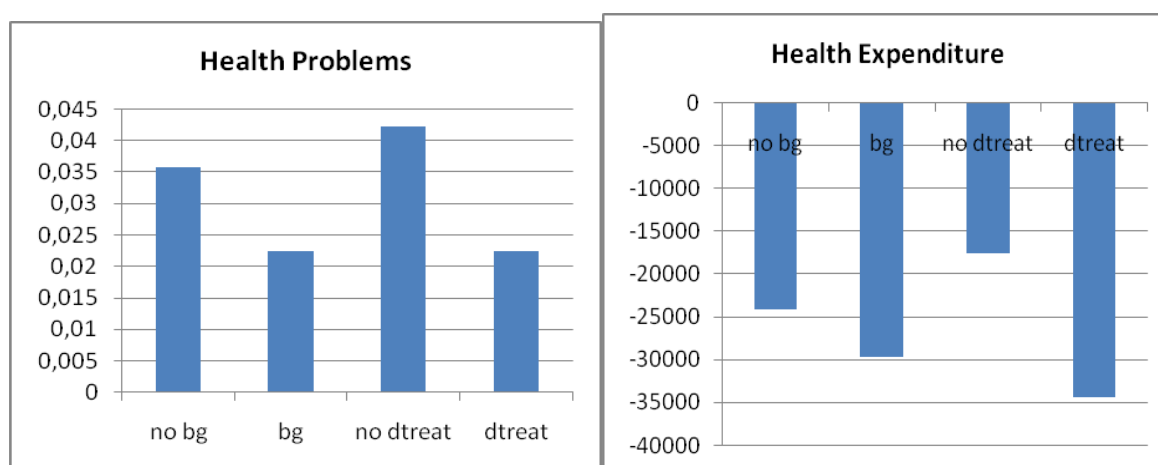


Table 5 – Health (Business Training – dtreat; Business Grant - bg)

In the following figure it is possible to also compare the change in calculated profit (chprofit) and the change in stated profit (chsprofit), and it seem fair to argue that there seems to exist a substantial average increase in income for both treatment groups, regarding their control counterparts. Once more, it is important to remind that this relation also does not have statistical significance and that it simply corresponds to the first year of studies, it is quite possible that in the following years several differences will be detected, namely between the two treatment groups. Still, for the moment it is possible to argue the influence of the treatments in this initial year.

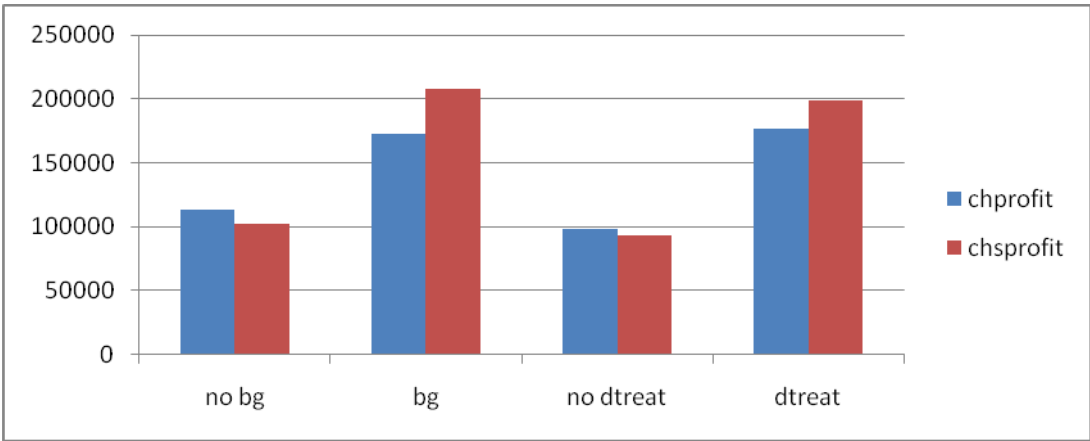


Table 6 – Changes in Profit (Business Training – dtreat; Business Grant - bg)

In sum, it is fair to admit that, at least for the time being, it is still hard to detect any kind of significant relations between the exogenous variables and outcomes. However some tendencies are already visible and possibly the studies will produce more concrete findings in the following years. However, for the sake of this master thesis the information is more of a qualitative nature and simply manages to indicate tendencies for this specific scenario.